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Daily Report

Central Eurasia

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FBIS-SOV-95-176
Tuesday
12 September 1995

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FBIS-SOV-95-176 *12 September 1995*

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Negotiations in Groznyy

Russian Army Accused of Military Accord Violations

LD1109200495 Moscow NTV in Russian 1800 GMT 11 Sep 95

[FBIS Translated Excerpt] [passage omitted] [Correspondent] Before the talks started Chechen negotiator Khozh-Akhmed Yarikhanov gave an exclusive interview to the NTV film crew. He said the aim of today's meeting was to discuss how the sides were fulfilling the accords on the package of military issues.

[Begin Yarikhanov recording] We have to talk about how the agreements on the package of military issues are being carried out, and about the upcoming talks on the package of political issues. We have repeatedly made statements on behalf of the delegation, the government, and various ministries and government departments to the effect that the Russian side is violating every single point in the agreements on the package of military issues. [end recording]

[Correspondent, over video of crowd of Chechen people] As if in confirmation of Yarikhanov's words, just a few minutes after the talks started, a group of people came up to the OSCE [Organization for Security and Cooperation in Europe] mission, introducing themselves as inhabitants of the Chechen mountain villages of (Syuzhy) and Bolshiye Varandy. They declared that yesterday afternoon and last night the federal forces carried out intensive firing on their villages, where there are no fighters and that are controlled by the Russian military.

[Begin recording] [Correspondent] Can you say what sort of weapons were being fired?

[Unidentified Chechen] They were firing from tanks, from armored personnel carriers, from guns, they were using all the weapons they have yesterday.

[Correspondent] How many people were killed and wounded, do you have a precise figure?

[Chechen] One person was killed, a five-year-old girl. Lots of people were wounded, we do not even know exactly how many. There is a lot of damage. The evidence is there. And when we appeal to them, no one does anything, even the regiment commander. [end recording]

[Correspondent] The Russian military, for their part, assert that they fire only in response to shots from the fighters. Every day there are many of those. According to information at the disposal of Russian military sources, in the last 24 hours federal forces' positions in Chechnya were shelled eight times. Two servicemen were killed, five were wounded.

Mikhaylov Announces Roundtable on Chechnya

LD1109141095 Moscow ITAR-TASS in English 1353 GMT 11 Sep 95

[By Sharip Asuyev and Valentin Pavlov]

[FBIS Transcribed Text] GROZNYY, September 11 (ITAR-TASS) — A round-table meeting with the participation of a broad range of politicians on the normalization of the situation in Chechnya is planned to be held this week in Groznyy, Vyacheslav Mikhaylov, the head of the Russian governmental delegation at the peace talks in Groznyy, told journalists on Monday.

Mikhaylov talked for four hours on Monday with the co-chairmen of the Special Observer Commission Anatoliy Romanov and Aslan Maskhadov at an impromptu news conference at the OSCE mission. Mikhaylov confirmed the intention of the Russian side to draw more participants in the effort of establishing peace in Chechnya, but gave no names. He said that all those wishing to attend will be invited.

Mikhaylov said that after being away from Groznyy for three weeks he noticed that all participants in the events in Chechnya are now willing to open "a normal dialogue." At the same time Mikhaylov noted that militants disarmament under the military agreement is unsatisfactory.

Chief Chechen negotiator of the talks Khozh-Akhmed Yarikhanov who participated in the meeting with journalists said that the question of participating in the planned round-table will be given more consideration by the Chechen side. He said the question of resuming the political dialogue in Groznyy was discussed on Monday, but no specific decision was made.

Mikhaylov: Pace of Disarmament 'Unsatisfactory'

LD1109202495 Moscow ITAR-TASS in English 1907 GMT 11 Sep 95

[By Sharip Asuyev and Valentin Pavlov]

[FBIS Transcribed Text] GROZNYY, September 11 (ITAR-TASS) — Russian top negotiator Vyacheslav Mikhaylov said he was displeased with the pace of disarmament in Chechnya and described it as "unsatisfactory."

Mikhaylov told journalists on Monday that instead of the disarmament of illegal armed formations, arms are being handed over by civilians who have nothing to do with them.

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Russia. We will not live in Russia. But we do want to be good, kind, loyal neighbors to you."

Some of the discussion participants react angrily. Among questions raised by the speakers were prejudice among Russians against Chechens, the persecution of Russians living in Chechnya under Dudayev, and loyalty to the state.

Chechen Official Magomadov on Negotiation Process

954F3357D Groznyy GROZNENSKIY RABOCHIY in Russian 25-31 Aug 95 No 11, pp 1-2

[Interview with by L.D. Magomadov, first deputy chairman of the National Accord Committee, by M. Magomadov; place and date not given: "The Bloodletting Has Been Put Aside. This Is the Main Thing, Believes First Deputy Chairman of the National Accord Committee L. Magomadov"]

[FBIS Translated Text] The negotiations between the Russian and the Dudayevite sides, which have found themselves at the center of attention not only of the Russian, but also of the world community, have not been completed; they are continuing in Groznyy, at the OSCE mission, at the working-group level. But the main result of the first stage of the trilateral meetings in Groznyy is already known—the signing of an agreement on a block of military questions.

Lechi Dobayevich Magomadov, first deputy chairman of the National Accord Committee of the Chechen Republic, is an active participant in the negotiations process. Our correspondent asked him to answer several questions.

[M. Magomadov] Lechi Dobayevich, you have participated in the negotiations from the first days. Tell us, please, what kinds of hopes did you attach to the negotiations at first, and have they now been justified?

[L. Magomadov] I joined the negotiations process on the second day. Not all of the directions of the work ahead of us had been defined. We did not know how long the negotiations would continue, but of course, nor did we think that they would go easily, without complications. And so it turned out.

As far as hopes are concerned, the task was this—to stop the war, to halt the bloodletting, not to tolerate the killing of completely innocent people. It was not possible to look without one's heart shuddering at how old people, women, and children were perishing under bombs and missile shells, how material and spiritual treasures created over many generations were being destroyed. It was necessary to stop the insanity that was going on in the republic.

Any quarrel, any conflict, ends with peace. It was up to us to bring closer the end of the war. The signed agreement testifies to the fact that we were able to do this. The war has been abandoned—that is the main thing.

[M. Magomadov] About what did the participants in the negotiations agree? What is your assessment of the signed agreement?

[L. Magomadov] As you know, what was achieved is an agreement on a block of military questions. It was decided once and for all to stop the hostilities on the territory of Chechnya. The agreement on a peaceful settlement of the situation in the Chechen Republic (on the block of military questions) signed by the participants in the negotiations process was published in the mass media, and it was heard many times over the local radio and television, and I do not want now to expound on its contents in detail. But it would not be superfluous, I think, to enumerate the points of which it consists. The agreement consists of four points in all. These are the cessation of military operations, the liberation of forcibly held persons, disarmament, and the staged withdrawal of troops and the cessation of terrorist acts and sabotage. Each of these points stipulates a large number of measures directed at achieving peace and accord in our home—in Chechnya.

I have a high assessment of the many-days efforts of the participants in the negotiations process. The negotiations proceeded in complicated fashion, I repeat. Many people considered them without prospects—it is impossible to come to agreement with Dudayev about anything, they said. But the participants in the negotiations showed patience, restraint, and resolve, and signed the agreement at least on the military questions. This is a great achievement. Having stopped the war, it is also possible to resolve other questions evoked by the differences of the negotiating sides.

Now the agreements achieved are actually being realized. A few days ago, in the Nozhay-Yurt settlement of Zandak, an event was held on the development of the process of peaceful settlement. The commander of the joint grouping of Russian troops in the Chechen Republic, Lieutenant General A. Romanov, and the head of the main headquarters of the armed forces of the Chechen Republic, Ichkeria A. Maskhadov, met with local residents and explained to them the contents of the adopted documents.

Implementing any agreement is a difficult matter; it will not be easy to overcome the psychological barriers of distrust. But we should understand that it is not possible to fight on forever, spilling the blood of innocent people, prolonging the grief and suffering. We need peace. In

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the name of peace, in the name of preserving human lives, one can step over any psychological barriers. One not only can, but must.

[M. Magomadov] Has a mechanism for carrying out what is contemplated been elaborated? Will there be obstacles in the path of implementing the agreement? On whose side, in your view?

[L. Magomadov] Yes, such a mechanism has been elaborated. All of its details have been discussed. Work on a peaceful settlement of the crisis will be conducted at the level of every village. Not only military or political figures will take part in it, but also more authoritative people, elders, representatives of the clergy. Such work has already begun. A meeting took place with the population in Zandak. Such events will also be held in other villages of the republic. In order that the disarmament process proceed smoothly, it has even been resolved to buy arms from the population, using funds from Russia's state budget.

There will be obstacles, probably. Not everyone likes the fact that peace and accord are being established on the Chechen land. There is a certain category of person that makes a profit on other people's grief. It is not fortuitous that the people thought up the saying, "It is easier to fish in troubled waters." There will be, probably, attempts to tear down the peace process. We must be prepared to repulse such attempts.

[M. Magomadov] Will Imayev and Maskhadov be able to carry out the obligations that they have taken upon themselves?

[L. Magomadov] I think that they will be able to. As far as I know, Maskhadov enjoys authority among the military and field commanders. These are responsible people. And they should realize that the language of weaponry is not always appropriate in the resolution of disputed issues.

[M. Magomadov] Rumors are spreading throughout the republic about a possible return of Dudayev to Groznyy. The mass media are also reporting that a house is supposedly being sought for Dudayev in Groznyy.

[L. Magomadov] All of that is false. The rumors are being spread by those who would like to aggravate the situation in Groznyy and in Chechnya. In actual fact, a place in Groznyy was being sought, but not for Dudayev, but for the accommodation there of the Dudayev delegation. These are completely different things. The journalists should have known about that, but they always want heated-up facts.

[M. Magomadov] How, in your view, will the political fate of Chechnya be determined? How do you see the future of our republic?

[L. Magomadov] The multinational people of the Chechen Republic must themselves decide the political fate of Chechnya. Elections, a referendum—those are the forms of expression of the people's will. Our salvation is in our hands. Hypocrisy has always been our undoing. One thing was thought, another said, and something else done. One cannot act hypocritically any longer. The most criminal and vile is the hypocrisy of tyrants, writes Erasmus Roterodamus in "The Complaint of Peace." Further, he continues: They (tyrants) see their might only in destroying harmony among the people, and when this harmony has been destroyed, they draw in and pull the people into war, in order to divide those who have still remained united, and in order yet more freely and easily to plunder and torture the unfortunate people. This was said long ago, but it applies to the current situation as well.

We have nothing to be ashamed of in our history. It is a heroic one, and a tragic one at the same time. The tsar could destroy us with impunity, then we were resettled to Turkey, to the countries of the near abroad. Then already in Soviet times, one and all were evacuated by Stalin, and half of the people perished there from hunger and cold. We have borne so much in our history that we have a genetic distrust of any power. Power has always been the armed suppression of the people. And here we have this senseless war. Where is the guarantee that this terrible story will not be repeated? There is no such guarantee. When someone tries to kill a mouse, it bites. We must be a subject of the world community. No, we are not pulling down Russia; we remain on its territory, within its structure, but we must have the right to give a distress signal to the world community. Our republic must have its own face, its own status. We have a particular historical past, traditions. All of this must be taken into account during the determination of the republic's political status.

[M. Magomadov] What could you say about the position of the OSCE mission at the negotiations?

[L. Magomadov] The representatives of the OSCE in Groznyy rendered us very great assistance. All of their efforts were directed at a search for ways of a peaceful settlement of the Russian-Chechen crisis. I thank them.

[M. Magomadov] And a final question. There is a certain category of people who do not understand why these negotiations were begun after cities and villages were destroyed and hundreds of peaceful citizens killed. What do you say on this score?

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[L. Magomadov] It is possible to sit down at the negotiating table with anyone. I emphasize—with anyone, if these negotiations will promote a cessation of gunfire, the killing of people, the destruction of peaceful villages and cities. We are responsible for what happens around us. We are responsible before future generations. It is necessary for all of us now to suppress in ourselves our own "I," which keeps us from making compromises. We must stop the bloodshed; for this, all means are good.

The negotiating process was begun long ago. Some associate it with the Budennovsk events, but this is not true. The negotiations had been proceeding for a long time before the terrorist acts in Budennovsk. They began on 25 May. The initiative came from the military. Then we civilians also joined in. I received an invitation from Maskhadov to meet and discuss the details of the upcoming negotiations. He and I decided that no one would be able to settle our mutual relations if we ourselves did not desire this. It was necessary to come to an agreement. It was necessary to stop the war, the murder of peaceful people. The path to the signing of the agreement was very complicated and difficult, even on military questions. But the participants in the negotiations, I repeat, stepping over their own ambitions, were able to come to an agreement on a cease-fire. The bloodletting has been put aside. This is the main thing. It will be easier further on.

Volskiy Interview, Dudayev's Moscow Contacts Viewed

954F3358A Groznyy IMPULS in Russian
No. 14, Aug 95 p 1

["Abridged version" of interview with Arkadiy Volskiy, leader of the Russian Union of Industrialists and Entrepreneurs, by unidentified correspondent; place and date not given: "From the Editor" — first paragraph is IMPULS introduction]

[FBIS Translated Text] It is under this kind of headline that an interview with Arkadiy Volskiy was carried in one of the August issues of the newspaper PRAVDA. We present an abridged version of the interview for your consideration, followed by an editorial commentary.

[Question] An agreement on a set of military questions has been signed. As Mikhail Sergeyevich liked to express it, "did the process get moving?" After all, the shooting in Chechnya is not quieting down.

[Volskiy] The process did get moving. The mechanism for this disarmament has been worked out. It is enough to say that such an atypical decision as the exchange of frequencies and radio transmitters for the communications of field commanders of large formations was adopted. And this arrangement has started to work. One can already hear such conversations in four rayons: "How are you?" "I am leaving. Do not shoot, I will move and surrender myself...."

A very important aspect of the agreement is the establishment of a representative of the president of the Russian Federation who was simultaneously both a guarantor of the fulfillment of the agreement and in command of military units there.

[Question] You are the only one who has met recently with Dudayev. Where was this meeting? How did you find him, this person who is wanted by the Russian Procuracy General?

[Volskiy] It was not I who found him. I was travelling there with Imayev who, naturally, knew where Dudayev was.

[Question] Did you talk with him for a long time. Does he really not understand what he is doing?

[Volskiy) Well, you know, he does not understand. I do not know how to explain this, but the conversation on his part was very tough at the beginning. I do not know what caused this, evidently some kind of information from Moscow. And I think, I am convinced, and I have proof that this is so. That is why he literally attacked me at once: "You will answer for everything." I replied: "You know, if you talk to me this way, general, I will leave." Incidentally, he corrected me: "Comrade General." And then he added: "You will not get far, otherwise...." So, this is the tense spirit in which these negotiations were conducted. But literally within several days in a television interview, unfortunately, he suddenly announced that Volskiy, who had stirred up the war in Chechnya, was a member of the delegation. As if I were the president of the Russian Federation and the leader of the Ministry of Defense, this war was very profitable for us, and I initiated the war. Well, you know, how do you assess his human qualities after this? Moreover, one time he for some reason associated me with Shakhray and a second time for some reason with Korzhakov.

[Question] But does he have contacts?

[Volskiy] Yes, there are contacts.

[Question] Directly with Moscow?

[Volskiy] That's just the point. The Chechen side notified us several times that on the whole you seem to have more than one boss. After this I lost my head and could not regain my composure for a couple of days. Of course, contacts with Moscow are working. And not only his, but also of the members of the delegation. They call, ask questions, consult, and make adjustments. This

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is beyond my comprehension, although sooner or later what is secret will become obvious, and history should answer these questions as well.

Is it really possible, for example, to consider this fact normal: When this dismally famous edict on the deployment of units of the Russian Army was signed, we received a draft of this edict one day earlier from the Dudayev side? And, generally, they learned of the decisions made in Moscow 24 hours before we did.

It is said that a decision will be made in the Duma tomorrow on the division of Chechnya. I refute this. This is absurd, no one is planning to divide it. And suddenly the decision of the Duma appears: Instruct the president to examine the question concerning the detachment of two rayons from Chechnya into a Stavropol Kray structure. It is more than difficult to conduct negotiations under such conditions.

From the Editor

Arkadiy Volskiy is a person who is well known not only in political circles of Russia. The "opening" that he made as a result of his many hours of contacts with Dudayev also seems to us to be not only very important, but also symptomatic. The fact is that in Chechnya, and not only in Chechnya, it was suspected almost from the first year of the presidency of the Russian general that he had important contacts with Moscow. A number of factors serve as direct corroboration of this.

First, in 1991 the Ministry of Defense, in a strange way, withdrew all military units deployed in Chechnya and at the same time left behind in the republic all the military equipment and weapons with which they were armed, except their authorized pistols. Second, someone organized air corridors for Dudayev during his flights to many foreign countries. What kinds of problems did he resolve there? Third, who can refute the supposition that Russia needed a "free" Chechnya, if only for two reasons: first—as a demonstration of the fact that such "democratic" democrats came to the leadership in Moscow that they even agreed to the "will" of an entire nation to leave the structure of Russia; second—and this is most important—a "free" Chechnya was necessary to the arms smuggling trade. After all, to reprocess the enormous amount of military equipment that was released as a consequence of the withdrawal of troops from the countries of the former military Warsaw Pact bloc, and not only this, is a very expensive item for the Russian budget. You see, it was necessary to build a whole complex of plants for this. Is it not more advantageous through "one's own people" in a "sovereign" Chechen state to put this equipment up for sale to many hot spots? You will agree that there are more than enough weapons enthusiasts.

Who will convince the overwhelming majority of people in Chechnya today that this is only a supposition? After all, do the belligerents not possess Russian arms not only in the states that detached themselves from the USSR, but also in many countries in the Near East and countries of the Balkan region? And was it not with Russian arms that Dudayev opposed Russian troops not unsuccessfully, after getting a taste of power and not submitting to his Moscow patrons on some questions? As follows from the interview, A. Volskiy does not cease to be amazed by the fact that not only the members of the Dudayev delegation who are participating in the negotiating process but even their patron himself communicates with Moscow for the purpose of consultations, and that Dudayev and his circle receive information about political acts adopted by the authoritative structures of Russia much earlier than the Russian delegation does. In our opinion, this is natural. If Dudayev and his circle did not have such close contacts with a significant part of the political and military authorities of Russia, the war would not have started in Chechnya and, after it started, it would not have dragged on for many months. After all, the party of war in Russia and its proteges in Chechnya are not interested in stopping the killing of people, and not only of Chechens, but also of Russians. After all, the restoration of the entire industrial potential of cities and villages, hospitals and schools, institutions of culture, and all kinds of communications, etc. (the remains of which also are still continuing to be destroyed by federal troops and, for purposes of sabotage, by Dudayev combatants) will require enormous amounts of money, which is accumulating in Moscow ministries, and it is practically impossible to track the ways the money is passed to the republic "lower levels."

Thus, who is Dudayev's immediate patron and who are his closest associates? Is it not Grachev, with whom Dudayev not long ago drank champagne in a friendly conversation; is it not Boris Nikolayevich, who not once mentioned his mini-colleague from Chechnya in his numerous angry speeches regarding the military-political situation in our region? Indeed, the general-president is moaning about everyone and everything Russian, and he more than once offended Yeltsin with a careless word.

These are questions to which history, one way or another, will have to give us the specific answers.

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Politics and Nationalism

Former Speaker's Invitation Into Peace Process Viewed

Views Possible Return to Politics

LD1009220295 Moscow NTV in Russian 1700 GMT 10 Sep 95

[From the "Itogi" program]

[FBIS Translated Text] The process of peaceful settlement in Chechnya may possibly be given a boost if Ruslan Khasbulatov, the former chairman of the Russian Supreme Soviet joins it. We already mentioned in today's program that at his news conference President Yeltsin voiced the idea of recruiting him to participate in the settlement of the Chechen conflict. What does Ruslan Khasbulatov himself think of this idea of Boris Yeltsin? He answered this question in an interview with our journalist Vladimir Kara-Murza.

[Begin recording] [Khasbulatov] I think that there will be a very significant resonance in Chechnya to this statement of Yeltsin, and it will probably be favorable. But there is another side. Unfortunately, in our politics, as we all know only too well, the right statements, sometimes profound ones, are very often made, and after that no concrete steps are taken to implement the proposals that were made by a political or state figure. One would not want a long pause in this case and one would want some specific proposals to be made. I would be ready to discuss them.

You know, there is a great number of people today who actually do ask me to participate in these affairs, very many people. That is, one can feel that the great majority of people desire that I should use my abilities to stop this very terrible, prolonged post-war indeterminate pause.

Look, it is autumn already. In a month's time it will be cold in the mountain parts of Chechnya. There is practically no delivery of consumer goods, foodstuffs, and many other things that people need for everyday life; and even if they are being delivered, it is not controlled in any way. Huge sums of money are being assigned, but a lot of it does not reach the people. Or things are thrice as expensive. There is no control. There are no legal authorities.

At the same time, an attempt is being made to prolong the life of this puppet regime which, naturally, is least of all concerned with the restoration of the republic. There is a large number of various bodies and federal authorities, which are uncoordinated and act sufficiently independently from a single center of government. I am hoping that Oleg Ivanovich Lobov, who is an experienced person, will be able to sort all this out. The main thing is that I think it is a fallacious approach, or attempt, to single out certain figures a priore, and to think that they will be loyal, and to place them there and to count on their support. That is an old, bankrupt policy.

[Kara-Murza] Do you think that you are being invited to do this difficult job to test you politically before the eyes of the whole country once again?

[Khasbulatov] That is, you think it is to show how Khasbulatov failed, is that it? Yes, everything is possible in our political life. All these words, such as leaving politics or returning to them, remain sufficiently abstract categories for me. The important thing is the concrete content of the work. You know, since I emerged from Lefortovo prison I said on my doorstep that I had no intention of participating in federal affairs. You see now that in the course of setting up various blocs and movements I, naturally, receive quite a large number of proposals from various parties, blocs, movements, etc. But I, consistently, true to my statements, which are based on my concrete conception of my role, I, naturally refuse. But from the first day I, of course, said that I would try to help in some way to overcome the Chechen crisis, so that this very difficult time of trial should end. That is what I am actually doing. Whether this is politics or not, does not interest me, frankly. [end recording]

Sees Role as 'Socio-Political' Liaison

LD1109204495 Moscow ITAR-TASS in English 1939 GMT 11 Sep 95

[By Tamara Zamyatina]

[FBIS Transcribed Text] Moscow, September 11 (ITAR-TASS) — "I see my role in the preparation of elections in Chechnya in taking the socio-political niche which exists between the federal authorities and the Chechen people," former Russian parliament speaker Ruslan Khasbulatov said.

Khasbulatov told ITAR-TASS on Monday that the major obstacle to the normalisation of life in Chechnya is "the existence of two illegal regimes: the Dudayev regime and the regime of Khadziyev and Avturkhanov."

Khasbulatov said that during his meeting with [illegible]n top negotiator in Chechnya Vyacheslav Mikh[illegible]ov he stressed the need "to remove at least the regime who has been imposed in Chechnya by Moscow," namely the National Revival Government of Salambek Khadziyev and the National Salvation Committee of Umar Avturkhanov.

"Khadziyev and Avturkhanov only hinder the talks in Groznyy," he said.

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Asked if he may become yet another alien political figure in Chechnya exported from Moscow, Khasbulatov said "I am not going to discuss administrative appointments with the federal authorities. There is the Territorial Administration of Federal Bodies of Power in Groznyy and there is the Russian president's special representative Oleg Lobov. Let them deal with economic issues and construction."

"To develop the dialogue with the people before the elections Chechnya needs an accord council consisting of representatives of the public. I am ready to establish such a council. If this scheme does not work, it will be hard to bring peace to Chechnya. This has been particularly borne out by the difficulties during the implementation of the military agreement," he said.

Khasbulatov pointed out that "unlike Khadzhiyev or Avturkhanov, I am not an impostor. I have been invited to Chechnya by the council of the republic's elders."

He disapproved of the idea of postponing elections in Chechnya. "The more you delay the elections, the greater will be the possibility of provocations on the part of those who do not want peace in Chechnya. The vacuum of power will only aggravate the already complex situation in Chechnya," he said.

Discusses Yeltsin, Chechen Politics

MM1209090895 Moscow KOMSOMOLSKAYA PRAVDA in Russian 12 Sep 95 p 1

[Interview with Ruslan Khasbulatov by Aleksandr Gamov under the "Today's Talking Point" rubric; place and date not given: "Yeltsin Tells Khasbulatov: 'Come Back, All Is Forgiven'"]

[FBIS Translated Text] One of the sensations from the Russian president's press conference was his remark that Khasbulatov has "wised up a bit" and that Boris Nikolayevich does not intend to "rake up the past." But what does Ruslan Imranovich think about what the Kremlin sees as his increased "intellectual potential."

"I don't know, I don't know," Ruslan Imranovich noted on this subject. "I'm not the one you should be asking."

[KOMSOMOLSKAYA PRAVDA] But what about you — do you intend to bury the hatchet?

[Khasbulatov] The president has taken a courageous step; you have to give him his due. As for me.... Since we are talking about war and peace, it is indeed hardly appropriate to recall personal grievances.

[KOMSOMOLSKAYA PRAVDA] Why do you think Khasbulatov has been remembered in the Kremlin again?

[Khasbulatov] It's probably force of circumstances. It would indeed be nice to see in Chechnya people who don't have blood on their hands and could speed up the peacemaking process.

[KOMSOMOLSKAYA PRAVDA] You are referring to yourself, of course?

[Khasbulatov] I always did everything I could to prevent war breaking out in Chechnya. And when it happened anyway, I made efforts to end it. I have never spurned cooperation with the Russian authorities in this matter.

[KOMSOMOLSKAYA PRAVDA] Are you hoping for some kind of official job?

[Khasbulatov] As yet I have only had two meetings with Vyacheslav Mikhaylov. I haven't spoken with anyone else in the government. Of course I would like to know what specifically officials are suggesting in talking about my participation in settling the conflict.

[KOMSOMOLSKAYA PRAVDA] If powers of some kind are vested in you, where will you begin?

[Khasbulatov] The tasks are self-evident: The conditions must be created for holding democratic elections in Chechnya and getting the agreement between the conflicting sides to "work." This naturally necessitates removing every kind of artificial obstacle — in the shape of, for example, puppet authorities. It is difficult to hope for a very speedy return to health for the republic when it has no really legitimate organs of power elected by the people.

[KOMSOMOLSKAYA PRAVDA] Are you yourself prepared to participate in elections and ultimately occupy the post of legally elected leader of Chechnya?"

[Khasbulatov] This question is completely irrelevant to me. It's the last thing on my mind. I have just one wish: that the talks in Groznyy end successfully and peace and accord finally come to the republic.

Daily Considers Possible Return

MK1209123195 Moscow KOMMERSANT-DAILY in Russian 12 Sep 95 p 1

[Report by Dmitriy Kamyshev: "Moscow Auditions Khasbulatov for a Main Role"]

[FBIS Translated Text] In spite of the continuing attacks by gunmen on Russian Army posts, the peace process in Chechnya is going forward. On Saturday [9 September], the first two federal army units left the village of Assinovskaya, and on Sunday [10 September], a session of the special observer commission in Groznyy approved a schedule for the disarmament of Chechen detachments on the entire territory of the republic,

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which should be completed before 5 October. As for the unexpected "rehabilitation" of Ruslan Khasbulatov, whom Boris Yeltsin described at his press conference as among the "authoritative and influential people" who should be involved in the peace dialogue in Chechnya, many observers read it as Moscow's intention to derive maximum dividends from its peacemaking activity.

Most experts and journalists viewed the possible return of the ex-speaker of the Supreme Soviet to Chechen affairs as a sensation. True, what is sensational is not even the possibility of Ruslan Khasbulatov's peacemaking activity in Chechnya itself, but the favorable disposition shown by the president toward this possibility. Some observers attribute this shift in Yeltsin's mood to the Kremlin's preelection scheme: Having bogged down in the sluggish peace process, Khasbulatov will hardly find time for preelection activity, which will seriously weaken the opposition camp. As for the former speaker's growing popularity in his motherland and even, as a result, his possible election to the State Duma from Chechnya, Moscow presumably considers this the lesser of two evils.

A substantial flaw of this version, however, is the fact that Khasbulatov is probably the only October defender of the White House who until now has expressly shied away from any election bloc or party (although none of these would refuse to consolidate their ranks with the ex-speaker, hardened in the battle against the "anti-people regime"). So far there are no signs that the former chairman of the Supreme Soviet will emerge from his self-imposed seclusion. Therefore, more realistic is the supposition that the Moscow directors, unhappy with their actors' performance on the Chechen stage, have again decided to change scenery and try new aspirants for the main parts.

It should be admitted that this time the Kremlin's choice seems to be well substantiated. First, the former speaker, as he himself likes to repeat, did not enter Chechnya atop Russian tanks, which favorably sets him apart in the eyes of his compatriots from the current Moscow appointees, Salambek Khadzhiyev and Umar Avturkhanov. Second, Khasbulatov's opposition image relieves him of responsibility for the flaws of Moscow's policy in Chechnya, which another aspirant to the negotiating process mentioned by Yeltsin — Doka Zavgayev, former head of Checheno-Ingushetia, who is now a member of the presidential staff's Administration for Work With the Territories — cannot boast. And finally, in spite of the opposition stance of the former chairman of the Supreme Soviet, the probability of his shift toward separatism is extremely small: For a politician of Khasbulatov's stature, leadership in Chechnya can be only a step toward a return to the federal political scene, which could be seriously hampered by separatism.

It is noteworthy that Oleg Lobov, presidential representative in Chechnya, reacted to the president's statement fairly promptly, announcing yesterday his readiness to meet with the ex-speaker. True, it would be premature on this basis to predict brilliant prospects for the former Supreme Soviet chairman as peacemaker. To be sure, support by the authorities for Khasbulatov's activities could make it more effective than last summer and fall, when the peace group, according to the speaker himself, had to overcome resistance not only by Dudayev, but also by Moscow. It is quite possible, though, that the Russian's official blessing will do Khasbulatov a disservice, stripping him of the image of a persecuted politician beloved by the people. Moreover, rumors of broad support for the ex-speaker in Chechnya could turn out to be somewhat exaggerated. Even so, Moscow, in demonstrating its readiness to forget political rivalry for the sake of peace, will earn its dividends on the "Khasbulatov shares" in any event.

Chechen Official Criticizes Khasbulatov

LD1109183695 Moscow Radio Rossii Network in Russian 1600 GMT 11 Sep 95

[FBIS Translated Text] Umar Avturkhanov, head of the Chechen Committee for National Accord, criticizes the activities of the former speaker of the Russian parliament. In the weekly VOZROZHDENIYE [REVIVAL], touching upon Khasbulatov's role in the Chechen talks he notes, in particular, that Khasbulatov exposed the forces opposed to Dudayev to the threat of dissent, introduced confusion and chaos into their ranks, and instilled into the consciousness of the opposition the bacillus of mutual mistrust and unhealthy rivalry.

Zavgayev Urges Lobov To Quicken Pace of Peace

LD1109201195 Moscow INTERFAX in English 1854 GMT 11 Sep 95

[FBIS Transcribed Text] Moscow, Sept 11 (INTERFAX) — Russian Security Council Secretary Oleg Lobov, the Russian president's special envoy in Chechnya, must start as soon as possible the coordination of piecemeal efforts and statements made by various peacekeepers in Chechnya, Doka Zavgayev, former chairman of the Chechen-Ingush Supreme Soviet and now a top official in the Russian presidential apparatus, told INTERFAX Monday.

Only joint efforts of well-known public figures can bring peace to Chechnya, while short term visits to the area are just political stunts, he believes.

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Zavgayev was mentioned by President Boris Yeltsin Friday as a possible participant in the peace process. Zavgayev said that he has not received any official invitation but he is regularly visiting Chechnya anyway and intends to go there shortly.

Zavgayev said that he has no personal contacts with Ruslan Khasbulatov, former chairman of the Russian Supreme Soviet. While some believe that Khasbulatov carries a lot of weight in Chechnya, Zavgayev believes that there are numerous deviations from the truth in Khasbulatov's speeches and Khasbulatov fails to understand how serious the situation is. Zavgayev added, however, that one should work with everybody who can contribute to a settlement in Chechnya.

Colonel General Valeriy Manilov, Lobov's deputy, had mentioned Sunday the possibility of Dzhokhar Dudayev running for office in Chechya. Zavgayev said, however, that "as long as a warrant is out for the arrest of Dudayev, this issue is up to the Prosecutor's Office rather than political figures.

Chechnya Supreme Soviet Deputies Urge Unity

954F3357C Groznyy GROZNENSKIY RABOCHIY in Russian No. 11, 25-31 Aug 95 p 1

[Unattributed article: "Deputies to the Supreme Soviet Pardon Everyone Who Dispersed Them in 1991"]

[FBIS Translated Text] Again the deputies of the former Supreme Soviet have appeared on Chechnya's political horizon. It is true, this event was greeted without enthusiasm by the current authorities. An attempt was even made to disrupt their conduct of the meeting at which the coordinating group was created for the convocation of a regular session of the Supreme Soviet.

Deputies of the Supreme Soviet turned to the people of the Chechen Republic with an appeal. It emphasizes that the fragile peace that was concluded at the negotiations in Groznyy is in need of consolidation through the good will of all participants.

The events of 1991, says the appeal, were organized by dark forces within the republic and their patrons—officials in Moscow. The people who seized power, taking refuge in slogans popular among the people of state independence, virtually effected the total plunder of the republic and the mass destruction of its population. And when the moment for the scales to fall from the eyes of the deceived people—and danger of exposure—had drawn near, then, with the aim of concealing the traces of its crimes, the Dudayev regime, jointly with its allies from the supreme power structures in Russia, unleashed the war.

As the deputies believe, now, when the goal of concealment of these traces has been achieved, the same forces have decided to turn the process back. Virtually under cover of their Moscow patrons, a legalization of armed formations is taking place, in the guise of the creation of home-guard detachments. The situation is fraught with the danger of a return of the totalitarian regime, and therefore also of a new operation for "the restoration of the constitutional order."

The deputies called upon all citizens to unite in the face of this danger. They also publicly forgave those who promoted the defeat of the Supreme Soviet in 1991.

Chechnya People's Accord Movement Formed

954F3357B Groznyy GROZNENSKIY RABOCHIY in Russian No. 11, 25-31 Aug 95 p 1

[Unattributed article: "People's Accord is for Independence"]

[FBIS Translated Text] One more movement has appeared on the political map of Chechnya—People's Accord ("Khalkyan bart"), which has made it its aim to unite public organizations, political parties, labor collectives, and individual participants concerned about the Chechen people, speaking out for the democratic development of society, an independent state with a market economy, peace, progress, and accord.

The public and political movement People's Accord includes the scientists K. Chokayev, M. Magomadov, S. Ayskhanov, Sh. Akhmadov, and Ya. Vagapov.

Doctor of Economic Sciences M. Magomadov was elected chairman of People's Accord.

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ITAR-TASS Carries Press Review for 12 Sep

LD1209072095 Moscow ITAR-TASS in English 0713 GMT 12 Sep 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW September 12 (Itar-Tass) — ROSSIYSKAYA GAZETA on the alignment of political forces during the State Duma election campaign.

The newspaper carries an article headlined "Russia will elect a new State Duma in 100 days' time. For a joy or sorrow." "The election marathon is approaching an intermediate finish and feelings continue to run high without subsiding. Parties and movements merge, divide into twos and threes, offer themselves, and look for allies".

ROSSIYSKIYE VESTI on prospects of the Liberal-Democratic Party of Russia (LDPR) in the forthcoming elections.

The newspaper runs a forecast by its analytical service.

"One can state that the 'hour of triumph' for the LDPR and Vladimir Zhirinovskiy remained in the past, in December 1993," the paper writes.

The forecast makers believe that the LDPR stands chances to poll from 5 to 9 percent of the vote during the elections. They believe that this will "suffice for the LDPR and its leader to stay on Russia's political Olympus for another four years".

ROSSIYSKIYE VESTI on Bosnia combat reports:

"The Alliance has found itself only on one side of the barricades. It assumes great responsibility, virtually turning into a party involved in the conflict and carrying the U.N. along with it".

SOVETSKAYA ROSSIYA expresses indignation at the use of cruise missiles against the Serbs by NATO.

"The United States, in a continuation of arbitrary actions against the Serbs, used Tomahawk cruise missiles for the first time since the beginning of the war. The first 13 superpowerful missiles, the cost of each being one million dollars, hit targets on the outskirts of the city which has received tens of thousands of refugees since Croatia's August blitzkrieg against the Serbian Krajina."

KRASNAYA ZVEZDA, while giving details of the Croat's military operation codenamed Storm, points out that the operation was conducted according to American plans.

"The self-proclamed Serbian Krajina Republic is known to have been almost fully eliminated during the latest Croatian 'blitzkrieg', 15,000 Krajina Serbs were killed and about 250,000 Serbs became refugees.

"But few know that the Croats owe their 'success' not only to the army but also to American military advisers who applied the NATO military doctrine in practice, so to say..."

IZVESTIYA points out, for its part, that "the Americans are confident that they manage to wage wars by means of 'smart weapons' which deliver high-accuracy strikes against specific targets. With such weapons, diplomacy can operate on the sidelines."

IZVESTIYA on physical clashes between members of the Russian Parliament last Saturday.

The newspaper carries an article headlined "A woman is beaten in the Duma... The latest achievements of domestic parliamentarism".

Analysing the parliamentarians' deeds, the writer of the article calls on the readers to be vigilant and circumspect in electing deputies to a new State Duma.

"Power may be different — democratic, Communist, liberal or conservative. But it should not be frightful. It should not pounce on people."

TRUD emphasises that "the incident in the State Duma last Saturday differs from 'world standards' like boxing differs from a brawl at a beer joint."

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Grachev Warns Perry To Cease Serb Air Strikes

LD1109164095 Moscow ITAR-TASS World Service in Russian 1519 GMT 11 Sep 95

[FBIS Translated Text] Moscow, 11 Sep (ITAR-TASS) — Yelena Agapova, aide to the Russian defense minister on communications with the public and the press, passed a report to ITAR-TASS today that states:

"A telephone conversation between Army General Pavel Grachev, Russian defense minister, and U.S. Defense Secretary William Perry took place today, during which the current situation in the Balkans was discussed. Pavel Grachev set out Russia's position and stressed the impermissibility of continuing air and artillery strikes and NATO troop operations against the Bosnian Serbs. NATO's actions, the Russian defense minister said, have in practice gone beyond the bounds of the UN mandate for carrying out the peacekeeping operation in the region. The policy of ignoring Russia's opinion on possible ways of settling the crisis is inadmissible. Pavel Grachev also stressed that a new spiral in the escalation of the armed struggle will inevitably make the conflict go beyond the confines of the Balkans. In these conditions, noted the minister, Russia will be compelled to review its approach toward the NATO's Partnership for Peace program. Continued use of force on the part of NATO cannot but affect Russia's implementation of a number of international treaties in the military field, for the sake of our state's national security.

"The Russian defense minister confirmed the proposal by Russian President Boris Yeltsin to hold an international conference on the Yugoslav problem as the only possibility of settling the current situation politically. The Russian defense minister suggested meeting the U.S. defense secretary on the territory of the former Yugoslavia in the very near future to work out joint approaches to putting a halt to combat operations. The parties agreed to continue consultations between the heads of the two countries' defense departments."

Foreign Ministry: NATO Using Bosnia as 'Test Ground'

LD1109163395 Moscow ITAR-TASS World Service in Russian 1610 GMT 11 Sep 95

[FBIS Translated Text] Moscow, 11 Sep (ITAR-TASS) — ITAR-TASS today received a Russian Federation Foreign Ministry statement that says:

"Despite the positive results of the work of the Contact Group, which open an opportunity for coming within sight of a settlement of the conflict in Bosnia, NATO continues its unilateral actions against the Serb Republic. To the bombing and artillery strikes have now been added Tomahawk cruise missiles from U.S. ships in the Adriatic.

"The impression is being gained that NATO, sheltering behind statements of its dedication to a political solution, is in fact turning the long-suffering land of Bosnia into a test ground for the affirmation of its 'new role' in European and international affairs.

"This only aggravates the crisis and is absolutely unacceptable."

Kozyrev Urges Halt to Military Action Against Serbs

LD1109165795 Moscow ITAR-TASS World Service in Russian 1620 GMT 11 Sep 95

[FBIS Translated Text] Moscow, 11 Sep (ITAR-TASS) — ITAR-TASS today received a statement issued by Russian Foreign Minister Andrey Kozyrev, saying:

"The results of the recent Geneva session of the Contact Group on Bosnia merit positive appraisal. The principles adopted by the conflicting sides, determining the future of that country, enshrine equal rights for all the peoples living on its territory and open an opportunity for coming within sight of a political settlement.

"I appeal to all members of the Contact Group to continue their coordinated active efforts at the coming sessions of the Contact Group, which will be held under the chairmanship of the Russian representative, for the practical implementation of the achieved accords.

"The prospects for holding an international peace conference on a Yugoslav settlement are becoming a reality. For this, the military action against the Serb Republic must be stopped immediately."

Churkin: Russia Still 'Firmly Negative' on Air Raids

LD1109171995 Moscow ITAR-TASS World Service in Russian 1648 GMT 11 Sep 95

[By ITAR-TASS correspondent Aleksandr Mineyev]

[FBIS Translated Excerpt] Brussels, 11 Sep (ITAR-TASS) — Today's two-hour session of the NATO Council with the participation of Russian envoy Vitaliy Churkin did not lead to the positions of NATO and Russia on the situation in the former Yugoslavia coming any closer together. At least, V. Churkin said as he left the NATO headquarters, Russia's opinion of the NATO bombing raids in Bosnia remains firmly negative.

The Russian diplomat told journalists that he had drawn the attention of the members of the NATO Council to two important points: First, rocket and bombing strikes

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are not the best way to clear a "safe zone" around Sarajevo; and second, continuing the massive bombing raids could damage the diplomatic efforts directed at a peaceful settlement of the conflict. He did not rule out that NATO's military actions in Bosnia could exert a negative effect on the development of relations between Russia and NATO. [passage omitted]

UN Delegate Protests Naval Actions Against Serbs

LD1209071395 Moscow ITAR-TASS in English 0703 GMT 12 Sep 95

[By Boris Sitnikov]

[FBIS Transcribed Text] UNITED NATIONS September 12 (Itar-Tass) — Russia has sharply demanded in the U.N. Security Council that an end be put to the informational blockade around NATO actions in Bosnia, stressing the absolute impermissibility of the use of the U.S. navy against the Bosnian Serbs, Russian permanent delegate on the United Nations Sergey Lavrov told Itar-Tass here.

"The latest events in Bosnia, particularly reports on numerous casualties among the civilian population, resulting from the actions of NATO and the rapid reaction forces, on the use of naval forces, for the first time in the history of the conflict, as well as news that the U.S. cruiser 'Normandy' had fired thirteen cruise missiles at Bosnian Serb positions in Banja Luka, has compelled us to call for a new meeting of the Security Council and to stress even more sharply the impermissibility of a situation when information on the events in Bosnia cannot be fully obtained by members of the Security Council," Lavrov stated.

This refers, in particular, to information on victims among the civilian population," the diplomat noted. "The U.N. Secretariat has explained to us that this information could be obtained only from NATO, but the latter issues no such data. We have today demanded from the United Nations Secretariat that it should fully exercise its powers in a situation when the Security Council is deprived of the most elementary information on the events of the past two weeks in Bosnia."

"We have also pointed out that the use of naval forces is in flagrant contradiction to the resolutions of the Security Council. These resolutions say nothing at all about the permissibility of using anything but the air force. They clearly indicate that NATO members can render only air force backing to the U.N. forces."

"Now it has become clear that the military operation is definitely excessive, transcends the limits of the Security Council's decisions. The NATO members are trying to justify their actions by saying that this is being done to prevent attacks on 'safe areas' and that all means are allegedly good for this purpose in order to suppress everything connected with the launching or even preparing attacks on 'safe areas'. We regard such explanations as absolutely insolvent," Lavrov stressed.

"Today, the use of force transcends by far the limits of retaliatory blows in reply to the bombing of 'safe areas' from any side involved," the Russian delegate noted. "But even if we were to strain our imagination to the utmost and take on trust NATO's present logics that the operation corresponds to the decisions of the Security Council, even in this case the use of warships and the launching of cruise missiles from them cannot be assessed otherwise than a direct and gross violation of the terms fixed by the Security Council for NATO's participation in the backing of U.N. forces."

"The Russian delegation has raised these questions and has demanded explanations to them. Unfortunately, no explanations were given to us. The U.N. Secretariat has promised to look into this situation," Lavrov stated.

Official Comments on Use of Cruise Missiles in Bosnia

LD1109190895 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 11 Sep 95

[From the "Vremya" newscast]

[FBIS Translated Text] From a military viewpoint, how justified is the use of cruise missiles in Bosnia? Our correspondent put this question to Aleksandr Konovalov, director of the U.S. and Canada Institute's Center for Military Policy and Systems Analysis.

[Begin Konovalov recording] It seems more likely that the backdrop to this NATO strike at targets in Bosnia, which missed the target sites by many hundreds of kilometers, was political rather than military or technical.

It is expedient to make use of such missiles against a very powerful and well-organized air defense system, when it is difficult for planes to break the air defenses of this system, and when pilot losses make the operation unjustified.

As we know, the Bosnian Serbs have practically no air defense system. The last time the Tomahawk missiles were used was during the Desert Storm operation in the Persian Gulf. The Navy's contribution toward the total number of targets hit turned out to be very modest and insignificant. Questions were even asked whether the expenditure on such naval systems were justified.

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I, therefore, think that the primary reason behind the use of these systems is a political one, rather than some kind of military necessity. [end recording]

Bosnia Raids Persist Despite Accord, Yeltsin 'Tirade'

MM1209080895 Moscow PRAVDA in Russian 12 Sep 95 p 3

[Report by Vladimir Peresada: "Regardless of Moscow's 'Anger'"]

[FBIS Translated Text] Brussels, 11 Sep — Despite the agreement on the principles of a Bosnian settlement that was concluded in Geneva and, needless to say, ignoring B. Yeltsin's angry tirade, the NATO alliance is continuing to attack the Bosnian Serbs.

And this is being done on an ever-increasing scale. According to figures from NATO Headquarters, the number of sorties since the "operation" began exceeds 2,300. On Sunday the Western "peacekeepers" used long-range Tomahawk missiles for the first time. Thirteen missiles of this type were launched from the U.S. aircraft carrier [as published] Normandy against "Serb targets" in northwest Bosnia. "They were used at NATO's request, specifically to reduce the threat to the safety of the pilots taking part in air raids," the U.S. mission at the alliance headquarters explained, clearly knowing that it was a question not of any fear of the Serbs' half-suppressed air defenses, but of an intention at all costs to shift the military balance away from the Serbs and break their will to resist.

So far it is hard to say which political scenario will be played out if the bombing raids continue for another few weeks, as NATO experts are predicting. At any rate, the tripartite agreement in Geneva, which is being called the fruit of U.S. diplomacy, is clearly starting to mark time. Not least because it is unlikely to meet with support in West Europe, where it is considered "inadequate."

Yesterday, Belgian Foreign Minister E. Derycke voiced a frankly skeptical attitude about the prospects for the practical implementation of the agreement on dividing up Bosnia. Moreover, in his statement to journalists he expressed a view shared by many EU countries that are unhappy about the Americans taking over the peace settlement, thereby forcing out all and sundry from the Balkans. "The plan that is on the table," the Belgian minister said, "is 90 percent the plan put forward by EU mediator Carl Bildt and could have been implemented five or six weeks ago." Whether it could have been or not is another matter, but Washington has undoubtedly made use of the work already done for its own interests. It is obvious, a West European diplomat noted, that as a result we will witness a "powerless Europe, a UN fiasco, and a triumph for the United States."

Intelligence May Have Known of Sarajevo Bombing

LD1109200795 Moscow INTERFAX in English 1859 GMT 11 Sep 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Sept 11 (Interfax) — Tatiana Samolis, press secretary of Russian Foreign Intelligence Service [FIS] Director Yevgeniy Primakov, did not confirm or deny in an Interfax interview Monday the media reports that one of Russia's special services knew a week in advance about the bombing of the Sarajevo central market.

This bombing on August 30 served as a pretext for NATO air bombardment and rapid reaction force shelling of Bosnian Serb positions.

In the words of Samolis, the Balkans is a major preoccupation of the Russian foreign intelligence now.

She said that the FIS obtains all kinds of data on the situation in and around the region and passes it on to the leaders of the country and shares part of it with its partners.

"We have no intention of divulging the nature of the information we receive," Samolis emphasized.

She said that the FIS is not the sole Russian agency that collects intelligence.

Daily: Croatia, FRG, U.S. Warned of Sarajevo Attack

MM1209075895 Moscow PRAVDA in Russian 12 Sep 95 p 3

[Unattributed report: "So Who Was Guilty?"]

[FBIS Translated Text] Operation "Cyclone," organized by the Western special services, was the excuse for the bombing and shelling of the Serbs by NATO forces. This was stated in an exclusive interview with ITAR-TASS by a representative of the Russian military department who has just returned from a trip to the Balkans.

According to the officer, who wished to remain anonymous, this February one of the Western special services carried out Operation "Cyclone 1," aimed at compromising the Serbs in the eyes of the world community.

The bombing of the Sarajevo central market, the Russian officer claims, was a result of Operation "Cyclone 1." Then everything was pinned on the Serbs, anti-Serb hysteria was organized in the press, and the ideas of

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ultimatums and NATO bombing raids were put forward. It then transpired through UN officials that it would have been physically impossible for the Serbs to have carried out the bombing. It had all been done by the Muslim side. This information did appear in the Western press, but not for long. But the mechanism of accusing the Serbs of everything had been brought into play, and the idea of bombing raids had started to penetrate the consciousness of the world community.

The operation was continued by "Cyclone 2" — the latest explosion at the same market. NATO military men very much pushed their political leadership to make the decision, because we were moving into the fall and bad weather conditions. The excuse was the provocative use of a catapult — firing from the roof of a building overlooking the market.

One of the Russian special services knew a week in advance about the upcoming provocation. The Croatian, German, and U.S. political leadership were informed through appropriate channels. But they did nothing to prevent the provocation that was being prepared.

Daily: Yeltsin In No-Win Situation With Duma on Bosnia

MM0809111195 Moscow SEGODNYA in Russian 8 Sep 95 p 1

[Report by Vladimir Abarinov: "Agitated Gesticulation in the Runup to Elections"]

[FBIS Translated Text] President Yeltsin is mistaken in thinking that force or the threat of using it has never brought Bosnian Serbs to their senses. He must have forgotten — and nobody from his inner circle reminded him — about the famous Sarajevo ultimatum when the Serbs retreated only in the face of inevitable retaliation and partially pulled out their heavy artillery and partially transferred it to the control of Russian peacekeepers hastily moved from Croatia. Subsequently they recovered their guns by taking hostages, including not a few Russian Army servicemen. Today the Serbs are clearly aware of the sword of Damocles threat of a total military rout. Their attempts to scuttle negotiations through provocations is the death throes of a regime which sees no way out of the political deadlock. While paying lip service to the U.S. settlement plan, their leaders are mortally afraid of peace because in this event they will not only lose their fabulous incomes from the criminalized economy of the Serbian quasi-state, but will also have to face an international tribunal on charges of war crimes.

The demarche by the Russian president is, to all appearances, of a purely emotional character. It is quite obvious that both Chancellor Kohl and British Foreign Secretary Malcolm Rifkind, when conducting edificatory talks in Moscow, knew about NATO's firm decision to continue strikes on Bosnian Serb positions should they fail to comply with the demand to withdraw heavy weapons from Sarajevo. They could hardly have failed to mention that this intention was not a bluff, but the inevitable result of General Mladic's intransigence. The hosts for their part objected and, by virtue of being a great power, hoped that their weighty word would be enough for NATO to change its mind. However, the days when Moscow, puffing out its cheeks, simulated some exclusive influence on Belgrade — to the effect that Milosevic does not receive anybody but us and does not talk seriously with anybody but us — are past. When Milosevic needed not just a smoke screen but something more; when it came to political horse trading; when Klaus Kinkel called for a "Marshall plan" for Bosnia to be worked out, the Belgrade leader received the Americans at once, and not just once. Russia is tormented by the awareness of its isolation, but there is no one to blame for this situation. Today Moscow can come up with nothing better than the absurd idea of forming an Ivanov-Bildt-Holbrooke troika. Considering that Carl Bildt is persona non grata not only in Zagreb but also in Sarajevo, there is no doubt that the idea is in no position to get off the ground.

There is a firm belief in the West that Russia's threats are just hot air, that the steam, as usual, will just go into blowing the whistle. Chances are that this will in fact be the case. But it should not be forgotten that lying on the president's desk are two laws: on the unilateral lifting of sanctions against the Federal Republic of Yugoslavia and on the unilateral imposition of sanctions against Croatia. The fear of the Russian bear which brought Kohl, Rifkind, Gonzalez, and Agnelli to Moscow, is after all basically ritual. Which is regrettable. No matter how the president might be trying to appease the lawmakers, they will still be unhappy. The stakes are too high to be contented with symbolic gestures. It is another question that in the runup to the Duma elections no measures at all — short of declaring war on NATO — will be good enough. What a great scenario! How happy the parliamentarians will be over the possibility of charging the president with betraying national interests! Here is a paradox that is beyond the Kremlin strategists. It is something that always results in a debacle for a ruling cabinet: concessions. As for the Serbs, there is no way these gestures will help them.

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Daily: Neither NATO Nor Russia Have Bosnia Answers

MM1109131995 Moscow IZVESTIYA in Russian 9 Sep 95 p 3

[Article by Stanislav Kondrashov: "Bombs Near Sarajevo and Moscow's Towering Facade"]

[FBIS Translated Text] Our main international affairs man in the Duma, Vladimir Lukin, is right to accuse our chief diplomat, Andrey Kozyrev, of erecting a "facade" in connection with the Russian reaction to NATO's bombing of the Bosnian Serbs. But he is only partially right.

Yes, indeed, the facade, as a general-purpose propaganda method of the era of building Brezhnev's developed socialism, has returned to the Russian political scene. And it is unabashedly present not only in the Foreign Ministry's utterly resolute protests over NATO air raids, but on many other longitudes and latitudes of the Yeltsin-Chernomyrdin era, including victory reports from Chechnya or, say, about financial stabilization. We will also see this facade, of course, at the extraordinary Duma session on the Balkan question. On Saturday, while directing their fire at Kozyrev, the speakers will be putting on a show for the future, for the electorate.

But the entirely just accusation about the erection of a facade should not divert attention from something more significant — the impotence of Russia and its diplomacy. Impotence precludes independence and having one's say. If you are impotent you are listened too only out of politeness. The Russian media contributed this week to the spectacle involving the Spanish prime minister and British and Italian foreign ministers. They all supposedly dashed to Moscow, perturbed by its protests, wanting to persuade it to join the NATO strategists and airmen.

In fact they are ignoring Moscow, just as they forgot to give notification of the bombs and missiles before they started killing Serbs around Sarajevo. And Moscow's interlocutors were not those who make the decisions, who make policy. Moreover — and this is the most telling fact — while Yeltsin and Kozyrev were protesting the bombing raids, the main and most influential Serb, Slobodan Milosevic, did not interrupt, but, on the contrary, stepped up talks with U.S. Assistant Secretary of State Richard Holbrooke, U.S. official representative.

America, having pushed aside not only Russia but Western Europe as well, appears to have grasped the nettle. Time is of the essence on the domestic political front. Clinton wants to finish off the Balkan war before it finishes him off, having become a significant trump card in the hands of his opponent, Senator Robert Dole, before the presidential elections in November 1996.

Slobodan Milosevic knows that only via America (certainly not via Russia) can he get the UN economic sanctions against Belgrade lifted. And he does not want to miscalculate and demand too much. The main Serb, hearing the NATO bombs explode in the Karadjic and Mladic camp, appears to be prepared to turn his back on his charges and content himself not with 70 percent of the Bosnian land, but 49 percent (unless he manages to wangle a little more), as proposed in the Contact Group plan.

The remaining 51 percent will then go to a federation of Bosnian Muslims and Croats. The unitary state of Bosnia-Herzegovina, which Izetbegovic would like to keep, would pass away. Thank God — it is not fit for peaceful life; all it is fit for is bloody strife, not stopped, but merely prolonged by the endless "peacemaking" of the United Nations, European Union, NATO, and so on.

The U.S. plan, which borrowed the territorial division proportions from the Contact Group's plan, but added what is essentially the breakup of Bosnia itself into two parts, which would join Croatia and Serbia respectively, was on the table of the current Geneva meeting on Friday.

The NATO bombs are "bringing the Bosnian Serbs to their senses," but will they not intoxicate Izetbegovic's troops with the smell of victory at someone else's expense? Bombs are not apothecary's weights. Geneva, of course, will not be the final stage of a settlement, but it will show what movement has occurred in recent days on the scales of the Balkan conflict. Indeed, it is not Russia alone, but also America and NATO that favor political methods of settlement, although they are using methods of force to bring them about. How effective will force be as an educational method? Will it in fact prove to be "deliberate," "calculated" force, as stated in the very name of the NATO operation? Does the end result justify the severity and casualties of this military operation, moreover the casualty list is outrageously one-sided, since NATO, being in the air, has made sure it is practically casualty-free? Let us wait ands see.

I do think, though, that by raising the question of "NATO's unleashing a war in the Balkans," the esteemed State Duma Council, has overdramatized the situation, in an hysterical way, which might be described as another form of facade. Sure, NATO bears responsibility for the Bosnian conflict. Ruling the roost in the United Nations of late, NATO has created a bloody mess in former Yugoslavia (with Russia's consent), a quagmire, an impasse. Now it wants to get out of it. With inevitable loss of face, but with the loss reduced to an

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acceptable minimum. Get out not by going back, which would be of no use. But forward — using bombs, with inevitable bloodshed, in the hope that it will be brief, and not endless. Forward — learning lessons for the future, in which the "new world order" is not as easy to achieve as they thought.

Russia must also participate in learning lessons both for itself and for the world community. The silliest thing would be to quarrel with NATO — and the most counterproductive. Russia would lose the role of a participant in the peace process, thus losing influence even with the Serbs.

Although as a result of the explosion in the center of Sarajevo, which promoted the NATO air raids, there was another bout of "demonization" of the Serbs in the United States, judging by certain data, there is also a critical interpretation of what is happening in the Balkans taking place on the other side of the Atlantic. The September-October issue of the influential journal FOREIGN AFFAIRS published a revealing article by retired General Charles Boyd, whose 35-year military career culminated in the post of deputy commander in chief of U.S. Armed Forces in Europe from November 1993 through July 1995. Having observed the war "in all its horror," the distinguished general rails against the "tragic ignorance and lack of understanding of history" on the part of those U.S. politicians who see it as a "war between good and evil" and cannot distinguish reality from television images. The initial mistake made by Washington, and equally by the European capitals, as he sees it, was to take the side of the Izetbegovic government in Bosnia, although it was "only one of the warring sides" and did not represent the interests of the majority of the population. On the other hand, in the general's opinion, the Bosnian Serbs, like all the other ethnic groups in one state broken up into several, made it their main task to "avoid the status of a minority" and were prepared to go to any lengths top accomplish that.

"We must not harbor any illusions about the future," General Boyd concludes. "We cannot find a real cure. The best we can hope for is to be able to create the conditions for Bosnia to cure itself. The United States can assist this process only when it is honest, at least with itself."

Holbrooke's mission shows that Washington has not kept faith with its strategy of unconditional support for the Izetbegovic government and the idea of Bosnia as a single state. In response to the appeal by both houses of Congress to lift the embargo on supplies of weapons to the Bosnian Muslims, President Clinton chose the bomb- strewn path to a political settlement and compromise. It is a harsh choice, but it is warranted if it curtails the war, if it makes the Muslims as well as the Serbs besieging Sarajevo see reason.

Broadest aspects of the lessons to be learned from the Balkan conflict are touched on by the well-known U.S. political scientist Edward Luttwak. He believed that the international organizations failed disastrously because they used the methods of another era — the era of global confrontation between the superpowers. During the cold war the United States and the USSR were able to stop "local wars" by heavily pressuring their corresponding allies. Once hostilities had ceased the United Nations would then deal with the task of peacekeeping.

Luttwak writes: "Now the power to halt local wars does not exist. Empty aspirations to the role of great power on the part of Britain and France, America's vacillation, and Russia's posing are all that support the old procedures of military control, which neither the United Nations nor NATO can provide for." As a result what are now powerless procedures, according to the political scientist, "merely prolong the war, constantly adding to the sum of killing, destruction, and human suffering.

Iranian Envoy Comments on Bushehr Nuclear Agreement

Responds to U.S. Attitude

LD0809202695 Moscow INTERFAX in English 1846 GMT 8 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 8 (Interfax) — Iranian Ambassador to Russia Mehdi Safari told a news conference in Moscow Friday that the status of the Caspian Sea should be defined before producing oil there.

Safari said "Tehran proceeds from the assumption that the Caspian Sea is a lake rather than a sea, and international norms on the use of seas have nothing to do with it."

Safari said "the Caspian states alone, without the participation of other countries, should decide on the future of this pool."

Commenting on the U.S. negative attitude to a number of Russian-Iranian agreements, particularly one concerning the construction of a nuclear power plant in Bushehr, Safari said: "Russia and Iran are independent states, and if they want to conclude any kind of treaty, it is their own business and no one is entitled to impede them."

The diplomat said Russian President Boris Yeltsin had accepted an invitation to visit Iran, though the time of the visit has not been fixed yet.

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Claims 'No Plans' for Nuclear Weapons

MM1209102095 Moscow KRASNAYA ZVEZDA in Russian 12 Sep 95 p 3

[Report by Vadim Markushin on Iranian Ambassador Mehdi Safari's "meeting with Russian journalists;" place and date not given: "Mehdi Safari: 'Iran Has an Abhorrence of Nuclear Weapons'"]

[FBIS Translated Text] Iran has no plans to create nuclear weapons. It has an abhorrence of them, Mehdi Safari, ambassador of the Islamic Republic of Iran to Moscow, said at a meeting with Russian journalists. According to him, the nuclear power station now being erected in Bushehr is the first and last nuclear power station in the country. Many resources have already gone into building it. So what has been started must be finished, to justify the expenditure.

But that is not the whole point, the ambassador believes. Iran has every right to develop nuclear power. And the interference of third countries in bilateral relations between Tehran and Moscow is wrong. Especially since these relations are not directed against anyone else.

Touching on Russian-Iranian cooperation in general, Mehdi Safari noted that it is on an upswing. Iran regards the economic sphere as particularly important to it in this respect. It is prepared to import from Russia oil equipment — reducing deliveries from Western countries in this respect — aircraft, timber, and paper. Talks are in progress on setting up the assembly of Izhevsk motorcycles in Iran and the construction of hydroelectric and thermal power stations in conjunction with Russian specialists, organizing more intensive air communications, and stepping up links in the sphere of agriculture.

The ambassador mentioned the Caspian as a priority sphere of mutual interests. In his opinion, first and foremost the international legal status of the Caspian Sea should be defined clearly. Its fate should be decided only by the littoral states, since it is their own water area. At the moment Iran is buying ferries to link its own Caspian ports with Astrakhan. A city with which it is establishing close relations first and foremost in terms of fisheries and the training of specialists.

Touching on the problem of combating the drugs business, the Iranian ambassador said that his country spends some $80 million on this annually. He expressed hopes for an effective coordination of efforts with Russia — an agreement in this sphere is in preparation.

Upcoming Yitzhaq Rabin Visit to Moscow Previewed

Iranian Nuclear Issue To Be Discussed

LD1109114795 Moscow ITAR-TASS in English 1111 GMT 11 Sep 95

[By Aleksandr Zhudro]

[FBIS Transcribed Text] MOSCOW, September 11 (Itar-Tass) — During his forthcoming working visit to Moscow later this week, Israeli Prime Minister Yitzhaq Rabin is to raise an issue concerning the delivery of Russian nuclear reactors to Iran. However, the principal aim of his talks with his Russian counterpart Viktor Chernomyrdin and Foreign Minister Andrey Kozyrev is to inform the Russian Government and the Foreign Ministry about the Middle East peace process, in which the role of Russia is highly important, Anna Azari, Minister-Counsellor at the Israeli Embassy in Russia, said here on Monday.

Azari also mentioned other matters to be discussed in Moscow, such as a survey of the overall situation in the Middle East, including the problems of terrorism and Islamic radicalism, and the state of bilateral relations between Israel and Russia.

It has become known to the Itar-Tass correspondent that Mehdi Safari, the Ambasssador of Iran to Russia, emphasised recently that the agreement on the finalisation of the construction of the nuclear power station at Bushehr is of purely economic nature. He said 3,500 million U.S. dollars have been spent on building operations started at Bushehr in 1975 and Tehran seeks to justify the colossal capital investments.

However, Azari is not inclined to view the delivery of Russian reactors to Iran as a purely economic matter. Israel, she said, is concerned over the possibility that peaceful technologies can be used by Tehran for purposes that are far from peaceful, the more so as Iran does not recognise the right of the Jewish state to exist.

Azari admitted that Israel is not sure that Rabin will manage to influence the Russian stand but that the Israeli Premier firmly intends to bring his government's point of view to Moscow's notice and get additional information from his Russian counterpart about the agreement with Iran.

Rabin is to arrive in Moscow late at night on September 13 for less than a 24-hour stay in the Russian capital at the close of his official visit to Ukraine.

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No 'Concessions' to Israel on Project

LD1109194795 Moscow INTERFAX in English 1854 GMT 11 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 11 (Interfax) — Russia does not intend to make concessions when discussing the Russian-Iranian nuclear project with Israeli Prime Minister Yitzhaq Rabin, Russian First Deputy Nuclear Power Minister Lev Ryabev told Interfax today.

Ryabev said the Israeli prime minister was likely to raise this issue after coming to Moscow on September 14. If so, Russia would tell Israel that the strict control over the project's implementation would rule out the threat of Iran using the nuclear facilities being built there to create its own military nuclear potential.

As was previously reported, Tel Aviv and Washington repeatedly emphasized the potential nuclear threat which they believe to come from Tehran and spoke against the implementation of the Russian-Iranian nuclear project.

"Russia has concluded two contracts with Iran in the area of nuclear power: one to construct a nuclear power station in Bushehr and another to complete the construction of the energy bloc started by a German firm in 1973," Ryabev said.

Ryabev said Iran had ensured "complete transparency of its activity in this area" both for Russian specialists carrying out preparations for the construction of the nuclear facilities and for experts from the International Atomic Energy Agency. He said that activity within the scope of these two contracts fully conformed to with international standards.

Ryabev said Russia would also cooperate with Israel in the sphere of nuclear power if Israel joined the Treaty on nonproliferation of nuclear weapons. Ryabev said that at present "Israeli representatives feel rather nervous about the very possibility of receiving international inspections in their country."

French Nuclear Tests Aimed at Developing New Weapons

LD1109203195 Moscow INTERFAX in English 1859 GMT 11 Sep 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Sept 11 (Interfax) — The nuclear tests conducted by France at the Mururoa Atoll last week were aimed not only at checking the safety of the country's nuclear arsenal but at testing new weapons of this type as well, Russian Atomic Energy Ministry Spokesman Georgiy Kaurov told Interfax Monday.

"Russia, like the international community, has condemned" the tests but we "have to admit that France has not violated international agreements in this sphere by conducting the tests," he said.

According to Kaurov, the 1963 treaty signed by all nuclear states bans nuclear tests only in the atmosphere, space and under the water.

He said that France made a "camouflet [as received] underground nuclear explosion" which does not lead to radioactive aerosols getting into the atmosphere or to long-time radioactive contamination of the area.

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Political Issues

Army Paper Reviews Yeltsin News Conference

MM1109115195 Moscow KRASNAYA ZVEZDA in Russian 9 Sep 95 p 1

[Report by Vladimir Kuzar and Anatoliy Stasovskiy: "The President Declared Very Firmly That He Will Not Allow the Army To Be Kept on Starvation Rations"]

[FBIS Translated Text] Russian Federation President Boris Yeltsin held a big news conference in the Kremlin 8 September. As the Russian head of state himself declared, it was decided this time not to confine the discussion with journalists to any one topic, but to discuss a very wide range of problems and questions.

Before the start of the news conference Boris Yeltsin made a brief introductory speech. It was chiefly devoted to the complex political situation taking shape in the country on the eve of the elections to the State Duma. Speaking of his own personal sympathies with regard to any political parties or public organizations and of his own participation in the elections, the head of state declared that he will not participate politically in the election campaign. As president, he is the guarantor of the constitution's fulfillment and will seek to ensure that the elections take place under equal conditions for all parties, blocs, and candidates. The personal sympathies of Boris Yeltsin as a voter are on the side of those movements that advocate in their election programs Russia's further democratization, the reforms' continuation, and the population's social protection.

For understandable reasons, questions connected with the situation in the former Yugoslavia were some of the most acute and topical questions at the Russian Federation president's news conference. Boris Yeltsin emphasized that he had signed an edict granting humanitarian aid to the Bosnian Serbs Thursday 7 September. The president particularly emphasized that the charge of changing Russia's stand on the Yugoslav crisis is only fair insofar as the situation itself in Bosnia-Herzegovina is changing. Previously the Muslims were not acting so aggressively, previously the Croats were not seizing new territories or conducting large-scale combat operations. No UN sanctions were applied either against the Muslims or the Croats. In Boris Yeltsin's opinion, such a "double standard" is unacceptable.

In addition, Boris Yeltsin reminded people that there were no UN authorizations in the full sense of the word for air strikes in Bosnia, since there was no proper Security Council decision on bombing strikes. "No one even asked Russia," the Russian Federation president emphasized. "This does not tally with the rules of the civilized world and is inadmissible, given the desire to resolve the question peacefully."

Boris Yeltsin repeated his proposal to the heads of "the eight" and to the leaders of the Serb republics to gather for a peace conference to settle the conflict in Bosnia-Herzegovina, which could be held in Moscow or any other European capital in the middle of October. Such a conference could be very successful and is capable of ending the crisis in the former Yugoslavia, the head of state said.

At the same time, in the president's opinion, the crisis in the former Yugoslavia must be resolved by the Europeans themselves, without being "dictated to from across the ocean." In this connection Boris Yeltsin reminded people that "precisely for this reason he is opposed to NATO's eastward expansion." "When NATO comes right up to Russia's borders, believe me — this will mean two military blocs," the Russian Federation president emphasized.

Russia must be involved in the elaboration of all-European security, the president declared. It is our opinion, he added, that NATO must be not an armed organization but a political organization. Armed forces in Europe must be joint forces of Russia and Europe under alternate command, according to the principle of the presidency of the EU. NATO today, Boris Yeltsin remarked, "is ready only to bomb and then to calculate losses among the civilian population."

The funding problem and the economic situation in the country also received an acute airing at the news conference. A question to the president from KRASNAYA ZVEZDA was devoted to this topical and complex issue:

"Accept our question as an expression of the great concern of people in uniform. Our Army — our defense and our mainstay — is on starvation rations. What is being done to improve funding for the Armed Forces?"

Replying to this question, the Russian president pointed out:

"Today our debts to the Army total 3 trillion rubles [R]. We will find R2 trillion before the end of the year in order to settle our debt and cover the budget in full. We do not yet have R1 trillion. But we are still obliged to find it. The military must not be treated in this way. It must not. If this situation continues any longer, this could have grave consequences. For Russia as a whole, too. Somebody in the government does not understand this, believing that the military has a big budget, so let it scrape up its own money. But it has big tasks. The process of reducing the Army from 1.7 to 1.5 million men is now under way. Nevertheless, it requires great

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expenditure. I am an optimist insofar as we shall settle our debts in full with the military before the end of the year."

Replying to a question about the possibility of his visiting Ukraine and signing a large-scale treaty with that republic, Boris Yeltsin said that "until all major questions between our countries have been settled, I will not visit Ukraine." While voicing profound respect for the people and leadership of Ukraine, Boris Yeltsin declared that he was surprised at the stand taken by President Leonid Kuchma. The Russian head of state explained that a whole series of accords between the two countries' leaders have not been brought to the stage of signing documents. According to Boris Yeltsin, this applies also to the last accord concerning the fate of the Black Sea Fleet.

At the news conference journalists inquired about the quality of the work of Aleksey Ilyushenko, Russian Federation acting general prosecutor. The head of state expressed dissatisfaction with his work and declared that he would "hardly be able to bring himself to recommend him again as general prosecutor."

Later during the news conference, which lasted approximately 90 minutes, President Boris Yeltsin answered many questions of interest to the journalists, including questions of a personal nature.

Yeltsin, Rybkin Hold Talks on Duma, Elections

LD1109124395 Moscow INTERFAX in English 1206 GMT 11 Sep 95

[FBIS Transcribed Text] SOCHI, Sept 11 (INTERFAX) — Russian President Boris Yeltsin and Duma Speaker Ivan Rybkin met in Sochi today, sources at the presidential press service told INTERFAX.

They discussed plans for the Duma's autumn session and preparations for parliamentary elections scheduled for December 1995, Duma sources told INTERFAX.

The Speaker is also on vacation in the Black sea resort.

PRAVDA Sees Yeltsin's Star Waning

MM1109143795 Moscow PRAVDA in Russian 9 Sep 95 p 1

[Unattributed report: "President Has Sympathies"]

[FBIS Translated Text] It has become indecently noticeable that Russia's future depends less and less on Boris Yeltsin. The West seems to have lost faith in his strength and his star. And its respect for him has gone, too. Even Russia itself is increasingly blatantly playing political solitaire, and the Yeltsin card by no means looks compulsory.

Are we seeing the end of the short era of a man who has left such a disastrous mark on the life of a great country?

The great upsurge in the president's activity in the past few days shows eloquently, I think, that he senses this danger. And he is trying to remind people about himself. And that is something Boris Yeltsin knows how to do...!

We would not like to believe that the president's escapades are aimed solely at the domestic political "market" or that Yeltsin has thereby gotten involved in a primitive struggle for influence with the voters. We would not like to claim that he does not recognize the level of the severe crisis that Russia is experiencing.... But since there are no actual deeds to back up the words, we have to believe it. For, contrary to what the poet may asset, on his lips, a word is not a "commander of human strength."

Yeltsin Appoints Envoy to Siberian Region

LD1009135695 Moscow ITAR-TASS in English 1326 GMT 10 Sep 95

[FBIS Transcribed Text] MOSCOW, September 10 (ITAR-TASS) — Russian President Boris Yeltsin has signed a decree appointing Dashi-Dorzhi Budayev as his representative in the Aginskiy-Buryat Autonomous Region, an autonomous area in Southern Siberia on the Mongolian border, the presidential administration told ITAR-TASS on Sunday.

Yeltsin Edict Creates Financial, Banking Union

LD1109175395 Moscow ITAR-TASS in English 1632 GMT 11 Sep 95

[FBIS Transcribed Text] MOSCOW, September 11 (ITAR-TASS) — Russian President Boris Yeltsin ruled to establish the Russian Financial and Banking Union (RFBU), thus taking a move earlier recommended by the federal government, the presidential press service reported on Monday.

In a decree to this effect, Yeltsin instructed the Cabinet to take necessary measures to create the union and a supervisory board which would control the performance of federal programmes by the RFBU and financial institutions within its composition.

A comment by the president's press service said:

"There are about ten banks with a federal share (in the capital) currently operating in Russia (including the Russian Exports-Imports Bank, the Russian Bank for Reconstruction and Development, and the Savings Bank). The establishment of a financial and banking union aims to create conditions under which the state

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could exert a regulatory influence on the banking sector not solely through the Central Bank, as well as ensure that state interests were accounted for in commercial banks' activities.

"Thus, the state gets an opportunity to attract commercial banks with a federal share to the financing of long-term state programmes, such as the provision of gas supplies to rural areas, the construction of communication lines and ports, the modernisation of road junctions, etc. Parallel to it, both domestic and foreign investors tend to place greater trust in such banks as in this case they may count on state intervention if there are any strains in the banks' activities.

"The President has backed the idea of establishing the Russian Financial and Banking Union but a specific scheme of its implementation requires further elaboration by the Government. This concerns the terms during which the RFBU is to be established, regulations governing its activities, ways and forms of the RFBU involvement in federal programmes, and the amount of federal support."

Decree Establishes Excise Duty on Gas Sales

MM1109160295 Moscow ROSSIYSKAYA GAZETA in Russian 9 Sep 95 p 4

[Russian Federation Government Decree No. 859 "On the Excise Rate for Natural Gas" signed by Russian Federation Government Chairman V. Chernomyrdin on 1 Sepember; from the "Documents" section]

[FBIS Translated Text] The Russian Federation Government decrees:

1. As of 1 September, to establish, for natural gas sold by enterprises and organizations in the "Gazprom" Russian Joint-Stock Company to gas sales organizations (resellers) and directly to consumers, by passing these sales organizations, an excise rate of 30 percent of the price of the sale (without value-added tax or the special tax) of 1,000 cubic meters.

2. To deem invalid:

Point 1 of the Russian Federation Government Decree No. 208 dated 28 February "On the State Regulation of the Price of Natural Gas" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 296, p 1,533)

Russian Federation Government Decree No. 355 dated 17 April 1995 "On Amending Russian Federation Government Decree No. 296 dated 27 March 1995" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSKII, 1995, No. 17, p. 1,551)

[Signed] Russian Federation Government Chairman V. Chernomyrdin

New Round of Karabakh Settlement Talks Begins

LD1109101295 Moscow ITAR-TASS World Service in Russian 0925 GMT 11 Sep 95

[By ITAR-TASS diplomatic correspondent Arseniy Mironov]

[FBIS Translated Text] Moscow, 11 Sep (ITAR-TASS) — A new round of the international meeting of the Minsk Group on a settlement to the conflict in Nagorno-Karabakh started at the Russian Foreign Ministry today, diplomatic sources told the ITAR-TASS correspondent.

It is expected that the text of an agreement on a settlement to the main issues of the conflict could be finalized at the talks and specific military issues examined for the first time.

The Minsk Group consists of 12 countries: Armenia, Azerbaijan, Russia, Belarus, Germany, France, Italy, Sweden, the Czech Republic, Slovakia, Turkey, and the United States. Aldo Ajello, special adviser to the UN secretary general has arrived in Moscow for the talks.

Filatov on Election Prospects, Coup Danger

MM0809154695 Moscow SEGODNYA in Russian 8 Sep 95 p 5

[Interview with Sergey Filatov, presidential chief of staff, by Yelena Tregubova; place and date not given: "Sergey Filatov: As Long as the Communist Movement Exists, a Coup d'Etat Cannot Be Ruled Out"]

[FBIS Translated Excerpt] [Tregubova] Sergey Aleksandrovich, scarcely a day passed during your vacation without rumors about your alleged imminent removal. Have you had a talk with the president on the matter?

[Filatov] No, I have not. As for the rumors, I will not comment on them on principle. They are being circulated deliberately in order to destabilize our work. I will not say whom they are coming from, but I think it is clear to anybody.

[Tregubova] Even among your supporters people have been saying recently that your opinion has lost all weight whatsoever in the Kremlin. How do you yourself assess your influence?

[Filatov] I can assess it by the considerable number of my proposals and proposals by [Presidential] Staff units that have been accepted by Boris Nikolayevich. [passage omitted]

[Tregubova] In his recent interview Boris Nikolayevich called on all democratic groups to join forces on

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the eve of the elections and announced that a joint democratic congress would be held this fall. Many observers also noted the fact that it was with Yegor Gaydar and Aleksandr Yakovlev that the president started his series of meetings. Does this mean that the president is planning to set up an electoral coalition with them? Could you clarify in general how the president visualizes the democrats' electoral alliance?

[Filatov] It is planned to convene a congress of democratic forces in order to take stock of what has been done over these years. What can be seen as the most important achievements are freedom of speech, emergence of the fundamentals of society's democratic structure, the adoption of a Constitution that is in line with international standards, and the emergence of the fundamentals of a market economy. But there are still lots of problems that can only be tackled if reform-minded groups join forces. These are the issues that should be addressed at the congress.

As for electoral cooperation, this should be discussed at a roundtable, not at the congress. And as far as I know, active work in this area is already under way. I think that initially the democratic parties will field candidates in districts separately, but by the time when the elections draw closer they will come together and calculate which of them has the better chance. And then, I hope, they will start acting in a concerted fashion.

[Tregubova] The issue is cooperation in single-seat districts alone, isn't it? Is, for instance, the accession of Russia's Democratic Choice to Chernomyrdin's bloc now out of the question?

[Filatov] This is no longer possible. Gaydar ought not to submerge himself in this bloc, either. We must admit that Yegor Gaydar is an established, well-known politician with a name of his own. Russia's Democratic Choice has its own clear-cut views, its image, it is well known to the voters. It would be perfectly reasonable for Gaydar to contest the coming elections on his own — especially since currently certain differences prevent him from joining forces with "Russia Is Our Home."

As of today, I see Russia's Democratic Choice as the third constructive centrist reform-oriented force alongside Chernomyrdin's center-right bloc and Rybkin's center-left bloc.

[Tregubova] Currently one can often hear it said that the Rybkin bloc died even before it was born, while the Chernomyrdin bloc has so far not lived up to the expectations pinned on it — that is, the idea of setting up the so-called centrist blocs has failed. How do you assess these blocs' election prospects?

[Filatov] I think that both of them — the Chernomyrdin bloc and the Rybkin bloc — have a good chance. I think they each will poll at least 20-25 percent in the December elections. That is, some may garner 8 percent, others, 12 percent, yet others, 5 percent. But the Chernomyrdin bloc and the Rybkin bloc will win somewhere about 20 percent.

[Tregubova] Together?

[Filatov] No, each bloc separately. You see, everything will be determined in December, not September. You remember how many important finishing touches were made during the last week of the previous elections, don't you? What will be of great importance is whether we will be able to keep stability in society. If we keep it so and rule out any possibility of any provocations that could undermine confidence in the authorities, the percentage of votes the blocs could win may be very significant.

[Tregubova] What do you think would be more advantageous for the "Russia Is Our Home" bloc in tactical terms: To ensure the democrats' support or to take up some of the patriotic communists' slogans on the eve of the elections?

[Filatov] Well, I do not know. Generally speaking, this is a question for Viktor Stepanovich [Chernomyrdin].... But I think every party, every association should have its own image. I see "Russia Is Our Home" as a party that represents the reform that is currently under way. Look at what has come about: There is not a single faction in the State Duma that would support all actions by the government. But this cannot be said about society as a whole. We know that there is a certain percentage of people who do support the government.

[Tregubova] So you do not list the democratic factions at the Duma among those who support the government?

[Filatov] Well, Gaydar has just recently started backing the government — as far as economic matters are concerned. And even that with certain reservations. So, the creation of the "Russia Is Our Home" bloc enables people who support the government's reform policy to vote for those who are carrying out this reform. This is the underlying idea. Therefore, to share it with somebody or to change something would mean to abandon the key idea for the sake of which everything was created. I think that any kind of face-lift is out of place here. For everyone.

Shakhray is a case in point. His party, the Party of Russian Unity and Accord [PRES], has fairly strong branches in 26 regions. The party exists, people know it. It has its own electorate. And when they joined "Russia Is Our Home," they were effectively submerged

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in it. Had this gone any further, the PRES would have essentially ceased to exist.

[Tregubova] Could it turn out that Shakhray will later turn to Rybkin?

[Filatov] I do not think so. The reason is that currently, in my view, Shakhray is setting up an alliance with [Sverdlovsk Governor] Rossel. I think it is in Sverdlovsk Oblast that the PRES has the strongest positions. Rossel, for his part, is currently absorbed in new regional policy regarding the center. For this reason they have many things in common with Shakhray and they may join forces.

You know, we have a huge number of parties — 200-250 — that are planning to take part in the current election campaign in blocs or on their own. But it is evident that people's minds cannot hold more than 20 parties. They do not know anybody else, and, apparently, never will. Before the previous elections, for instance, we had 31 parties, 13 of which collected the requisite signatures and contested the elections. Of them, only eight cleared the 5-percent hurdle. This time, there will be more contenders — it is expected that 54 blocs will be registered. Half of them, I think, will be unable to garner the requisite number of signatures. As a result, people will not have to stand in electoral booths and swear, being at a loss whom to choose from a length list of candidates.

Currently, people have for the most part made up their minds as regards their sympathies. Essentially, there are four main groups. First, there are those who support the Constitution and reform; maybe not all of them, but basically they comprise the democratic group.

The second group is purely communist, with the slogans of socialism, the old distribution system, and the desire to cling on to land which they have hitherto demonstrated.

There are also "patriotic" groups, as they call themselves. But in fact this is not patriotism, but a longing for great-power status. This longing poses a danger of war. With them we will be plunged into yet another "Cold War," we will be shaking our great-power fists at the entire world, we will once again make the whole world — and ourselves in the first place — live in fear. The fourth group is a nationalist one, toward which currently certain religious organizations are leaning. This is even more dangerous. The reason is that dividing the world along religious or ethnic lines is the greatest crime against humanity. This means to say that some are higher and others lower. Some have bluer blood — others redder. This is close to fascism, if not actually fascism.

But, to all appearances, none of the four groups will win an outright majority of votes. Unfortunately. For the state it would be safer if the reform-minded group wins, if it wins a clear majority in parliament. Then we could easily shape the legislation necessary to carry out reform. Otherwise we will be in for painstaking work with the body of deputies on the basis of compromises so as finally to create laws making it possible to push reform further. [passage omitted]

[Tregubova] Many members of the "Russia Is Our Home" bloc were formerly CPSU functionaries. Does the fact that they have now joined Chernomyrdin's bloc testify to a sincere change in their views or is it because this party reminds them of the CPSU more than anything else?

[Filatov] First, I would not like to speak like that about all former Communists.... I was also a Communist Party member. I left the party in 1991.... No, actually in 1990, on 17 July. On that day 54 deputies made a statement. At the time there were certain hopes that the party could split at the congress, that its democratic part would secede and there would be two parties in the state. This would have been, generally speaking, a normal development. [passage omitted]

[Tregubova] After the previous elections reports were coming from many regions that local leaders (most of whom have now joined "Russia Is Our Home") gave their backing to candidates who, far from being reformers, represented the Communists and the Zhirinovskiyites.

[Filatov] I know that. There were even people among them who attacked the president, and very harshly at that. But we cannot be guided by the principles that used to be applied by the NKVD [People's Commissariat for Internal Affairs] and the KGB. One ought to proceed from the assumption that these people's views may also have changed. If my views have changed at a certain stage, why shouldn't those of other people change, too? [passage omitted]

[Tregubova] Isn't there a risk that a local leader who backed the Communist Party or Zhirinovskiy in the previous elections, but has now announced his loyalty to Chernomyrdin, may set up his new bloc in the upcoming elections?

[Filatov] There is such a risk! There are people who, while being currently staffers of the apparatus, work for the other side — the ZAVTRA newspaper, for instance, the intransigent opposition. Some of them even steal documents and publish them.

[Tregubova] Can you cite specific examples?

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[Filatov] Of course. Please, read the latest issue of ZAVTRA, for instance. It published a secret document that has mysteriously found its way into the press.

[Tregubova] Was the document stolen by a staffer of the Presidential Staff?

[Filatov] No. I mean apparatus employees in general. Someone did it, after all! At any rate, the document was drawn up at the Presidential Staff, it existed at the General Prosecutor's Office. And this document found its way into the press. [passage omitted]

[Tregubova] Following up on the previous subject: You cannot oblige a regional leader who joined "Russia Is Our Home" to pledge in writing that he will support that bloc specifically in the elections, can you?

[Filatov] Of course we can't. But everything will be clear from the way he works, from how it pays off. If there is a payoff, then the person works conscientiously.

[Tregubova] By the way, regarding personnel policy. Now I would like to learn who lobbied some time ago for Vladimir Polevanov's appointment to the post of State Property Committee chairman, the same Polevanov who is currently setting up his organization under the slogans of revising the results of privatization and a new redistribution of property? He was previously a little-known oblast chief, and he would have remained so had it not been for the backing of someone from the government authorities.

[Filatov] You know, I was just about to cite this example. In fact, Polevanov is now championing the slogans "Everybody on trial" and "Nationalization now...." His appointment was a deviation from the normal principle of selecting, recommending, and studying personnel. I cannot say who specifically recommended him, who pushed him upstairs. I can only suggest. But, indeed, it is precisely the covert support of certain persons that catapulted him into politics. In my view, of course this was not by chance. The reason is that there are many opponents of the privatization that has been carried out by Chubays and still continues, including people in the government structures themselves. Evidently some group attempted to start a fight, to topple Chubays, and to revise the results of his privatization. But even greater miracles started after Polevanov's dismissal: He went over to the Presidential Control Administration and for some reason started campaigning against the government there. He has been careful never to mention the president's name in his speeches, but statements denouncing the government's line are essentially directed against the president. It is absurd to work at the Presidential Staff and to oppose his line at the same time. But, unfortunately, such things do happen here. A person disagrees with his chief, with whom he works, but for some reason refuses to leave. Moreover, after Polevanov was removed, he filed a lawsuit, demanding that he be reinstated in his post. [passage omitted]

[Tregubova] But still, Sergey Aleksandrovich, the issue is not Polevanov. You have said yourself that certain influential people were behind him. Why is it that representatives of the government authorities, while constantly acknowledging the existence of such forces inside their structures, nonetheless never say who they are?

[Filatov] Because had these forces operated openly, we would have seen them. But as things stand now, how can we...? [passage omitted]

[Tregubova] How influential are they?

[Filatov] You can, probably, sense it yourself by the movements of that same Polevanov.

You should understand that the structure of power is just being shaped. You see how painfully this process is evolving. Frankly speaking, we do not have a clear idea how personnel should be trained. How they should be promoted. All these are new questions, and for this reason things often occur that stir up society and elicit a certain misunderstanding. These questions were aptly addressed by the president in his speech at the Civil Service Academy. Generally speaking, everything that our mass media are talking about — a shortage of information, and so forth — all this, unfortunately, exists. It was no accident that Boris Nikolayevich once again raised the question of the authorities' openness at the latest democratic press congress. I also see this as the sole guarantee that we will live a normal life, that all these various kinds of coups, intrigues, and so forth will no longer occur over here all the time.

But sometimes the press itself initiates such processes, exaggerates, creates an atmosphere of apprehension. An atmosphere of suspicion.

[Tregubova] Then it is we who are to blame. Now I see.

[Filatov] No, this applies to both of us! An absence of information from us sometimes gives rise to speculation in the press. But sometimes misinformation comes precisely from you — deliberately, which also stirs up society. Of course, every such fact is discussed and considered in the appropriate circles, with the appropriate people. [passage omitted]

[Tregubova] Since we brought up the press — do the presidential services have information on whose advertising will dominate on television and in the press during these elections? Who will invest, what money, and where?

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[Filatov] I do not have this information yet. I know that the state television channel will be regulated by the Central Electoral Commission, using the funds earmarked for this purpose. As for commercial or independent channels — it is up to them to decide. No one can press them in this regard.

When I had a meeting with journalists from the Democratic Press Congress, I was asked the following question: In one of his statements Nikolay Timofeyevich Ryabov said that only state-run, not commercial mass media will be involved in the election campaign. I do not think that would be quite correct and, as I was told, Ryabov, too, corrected himself — he was allegedly completely misunderstood. Every business has the right to decide on its own whom to deal with. No one can interfere with that. For this reason I think that we will see lots of interesting things during this upcoming election campaign.

[Tregubova] In one of your recent statements you said, citing unattributed surveys, that currently the Communists have the highest popularity rating. Where did you obtain this information?

[Filatov] The latest opinion polls in fact do show that. For instance, surveys conducted by the Popov and Grushin centers. But I would like to emphasize the following point: The Communists do not have a high percentage rating, higher than in the previous elections. A decent rating would be from 30 to 40 percent. Here, however, no one has such a rating yet. As for the Communists, they had a rating of about 9-12 percent in the previous elections and currently they have the same figure. So, their popularity has not gone up.

The democratic forces and, particularly, "Russia's Choice," are a different matter. If you remember, they were expected to win 26-30 percent in the previous elections. In fact they commanded even greater support right on the eve of the vote. But they collapsed. That is a loss indeed. For this very reason the Communists have now moved up to first place. But so far I am not inclined to dramatize the situation. [passage omitted]

[Tregubova] How do these pollsters' assertions square, for instance, with the recent elections in Sverdlovsk Oblast, where a representative of the Communists finished as one of the last?

[Filatov] Sverdlovsk Oblast is not typical. There it was a clash of two personalities, Rossel and Strakhov.

Still, there is one interesting point in Sverdlovsk Oblast that is worth mentioning. Thus, there are 5,000 Communists there according to their lists. The local branch of Gaydar's party, however, numbers only 150 activists. The figures are apparently staggering, aren't they? But look at why the Communists have such party branches: Many pensioners have stayed put since the Soviet era. Currently the law allows the setting up of party branches according to the territorial, not production-linked, principle, so they still exist at housing management boards, housing offices, and so forth. The same picture exists in all regions. Hence the number of Communist Party members which is, at first sight, overwhelming. And they account for the majority of those who will vote for them.

A considerable part of the population have not yet made up their minds. More than one-third of the people think that there is no point turning out to vote for anybody at all. And we should bear in mind that there is an active electorate and there is a passive one. I think that one of our crucial objectives is to win over not only the active electorate, but also the passive one. So as not to depend on the figure of 25 percent provided for in the law. Because at present the 25 percent is precisely the active electorate that is dissatisfied with reform and that opposes it. These are the people who are going through an adverse period in their lives. Naturally, if they alone turn out for the vote, the result will not be objective in terms of reflecting the alignment of forces in society. I am greatly worried, for instance, by the fact that in that same Sverdlovsk Oblast financial and entrepreneurial circles were fairly sluggish in turning out for the election. Those who you would think should be defending reform in the first place do not turn out. This is a paradox.

Our objective is to explain to people that Russia's future will be determined precisely by what kind of power they choose.

[Tregubova] How specifically are you going to explain this to them?

[Filatov] What is needed is active educational steps. We should explain to people, citing specific figures, what risk the country will run if only the afore-mentioned 25 percent turn out for the elections. Naturally, the second most important objective is the clampdown on the criminal world, which is presently bracing to buy our electoral system lock, stock, and barrel. But fighting it becomes increasingly difficult. We should have fought back at the time when all these MMM's and their like were created. The state, banking structures, and security agencies should have warned the people what was going on. Now they tell me: How can you say that— "Vlastelina" [failed pyramid scheme] gave some people cars, after all. Of course it gave "some people" something. Some people can surely be satisfied on the basis of the amount of money it collected. But you cannot satisfy everybody this way — if you collect one

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ruble per person, you will be unable to give everybody 100 rubles, after all. A standard game, well known from childhood, has been turned into an all-Russian enterprise. We ought to understand this — we are no longer children.

So, our second crucial objective is to prevent the criminal world from contesting the elections. Those who are now in jail are already yearning to become Duma deputies — I mean those held in custody pending trial, not those who are serving their sentences. They want to have their names registered — and walk free.

The public should be aware of all the information on people who are, well, let's say, unscrupulous. And on those who are currently in custody pending trial.

[Tregubova] And what about current deputies and other politicians?

[Filatov] If there are such materials, data on them will also be made public. The reason is that this is extremely dangerous for the future state. It was no chance remark that the criminal world could take over the country's government. Of course it can if its actions are connived at. Maybe we should draw on U.S. experience: In order to put an offender on trial it is not necessary to investigate all his crimes. You only have to probe just one of them, put him in jail, and then sort out the rest.

[Tregubova] Recently Communist Party leader Zyuganov said that parliamentary and presidential elections are "the last peaceful method of removing the current authorities," evidently hinting that if this fails other methods would be used. How realistic does this prospect appear to you?

[Filatov] Well, I think that as long as the Communist movement and the example of October 1917 exist, this will, unfortunately, be a realistic prospect. A mutiny is possible.

As a matter of fact, we now know that arms were brought to the White House as early as 1 May 1993 and the October mutiny was prepared back at that stage.

[Tregubova] And you know where the arms came from?

[Filatov] Well, certain sources know. From somewhere abroad. Not only money was involved there, there was also treason on the part of certain military personnel. All this is subject to a good investigation.

[Tregubova] But the investigation has already stated the other day that "both sides were to blame in 1993" and we "need to draw the line" at this point.

[Filatov] What you are saying concerns October 1993. But the siphoning off of arms all across the country is a matter for a special investigation. [passage omitted]

[Tregubova] Do you think that "Russia Is Our Home" currently sees the Communist Party as its main rival in the elections?

[Filatov] Not a rival, but as the main danger for reform. As for the main rivals in the elections, out of the four groups I mentioned earlier, generally speaking, all three, except for the reformers, pose a considerable threat, because they contain an element of destruction. Because the Communists who are going to contest the elections are opposed to the current Constitution. This means that in the event of their victory the Constitution will be revised. And which way it may be changed is anybody's guess. For, as we have repeatedly seen, with the Bolsheviks, words are not matched by deeds. When they called for a revolution in 1917 their main slogans were peace, land, factories [to the people], and stuff like that. But afterward neither the peasants nor the peoples received any of what had been promised to them. And the Kronshtadt mutiny occurred precisely because the party of the Bolsheviks cheated people.

And what can people gain from those who champion Russia's great-power status, the "patriots" who say that the Soviet Union should be restored? How, in what way?! To aim guns and start wars on independent states? If this is just an empty slogan that attracts people, then it is a sham. And if it is not just a slogan, but an actual plan — then what, are they going to lead the country to carnage? To war on Ukraine, Belarus, and all the rest? The third risk group — the nationalists — what does it proclaim? "The great Russian people...." And what about the others, are they not great? I see in all their programs simply the desire drastically to change what has currently been achieved in the country. But not in favor of the people, as they currently declare, but in favor of Russia's great-power status. In favor of returning to a totalitarian state. Then everything will have to be divided and confiscated yet again. And this means war.

For this reason our opponents include all those who will attempt to ruin what has been created over the past several years. We have nearly finished the most difficult stage, and they fear that people will start sensing more and more positive results.

[Tregubova] Do you regard Viktor Chernomyrdin's statement about the possibility of holding a referendum on private ownership of land as his actual intention or simply a spectacular electoral promise?

[Filatov] I do not know how realistic this may be. But I know one thing — one should fight for land to the end. If the problem of land is not resolved, all these reforms will have no effect.

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Under the Constitution, it is the president who can make a decision on holding a referendum.

But there is another way, which could prove to be more effective — to turn to the Constitutional Court with a request that provisions of the Civil Code concerning land be brought in line with the Constitution. For the Civil Code was adopted with a proper section on land. At any rate this problem had been discussed earlier with the president. I do not know if Boris Nikolayevich would make such a decision. But I know that the president has fought and is still fighting for the existence of all types of ownership of land, including private ownership, and I think that he will fight to the end.

Kozyrev on Yeltsin Criticism, Duma, Bosnia

LD1109224195 Moscow Russian Public Television First Channel Network in Russian 1920 GMT 11 Sep 95

[Video interview with Russian Foreign Minister Andrey Kozyrev by Sergey Dorenko; place and date not given; from the "Versions" program — recorded]

[FBIS Translated Text] [Dorenko] The public condemnation of the Foreign Ministry's policies and performance by the president, in keeping with good old Kremlin traditions, is tantamount to a resignation at the very least. Have you seen the president? Did he speak to you following that news conference on Friday?

[Kozyrev] Yes, I have seen the president, and at my own initiative I had a conversation with him on this matter, and the president confirmed again that he has reprimands to make where the Foreign Ministry is concerned and we know them well. He recommended that work should be done to put things right where these reprimands are concerned. If you watch this news conference, you will see that the rather serious criticism which the president doled out did not concern the Foreign Ministry alone, and I think that this is rightly so.

This is because we are all still far from perfect and we know that the presidential criticism contains a great deal of what is rational, a great deal of what is correct. There are elements to which we do respond. Should we not raise our wages? This is because the criticism concerns, in particular, the fact that we do not have enough young people. However, the answer to this is that young people cannot be retained if they do not get wages which are competitive, at least to some extent, to what they are offered in the commercial sector.

You are aware of that. So, there are many issues and we will work to put them right. The president said as much: Work to put right your shortcomings and work to achieve a political settlement in Yugoslavia, and we are dealing with that.

[Dorenko] How do you intend forcing the West to heed Russia. Judging by the president's statements, the West is not heeding Russia and is continuing to launch missiles.

[Kozyrev] Yes, the Western countries are continuing to launch missiles, but this does not mean that they do not heed Russia at all. They heed Russia, they hear our voice. If you look even at the official statements by representatives of the White House, the State Department, and other departments, they do heed us. We would like them to pay more heed to us and they will heed us, particularly with regard to a political settlement. Basically the scenario for a political settlement was set out in the president's statement on the outcome of his talks with President Milosevic. Everything that has been achieved so far — and much has been achieved — has all been achieved due to and, to put it frankly, on the basis of the talks which took place in Moscow.

First, there was a single delegation led by Milosevic. Second, the Contact Group itself, which includes the West, has recognized the equality of the rights of the Muslims, the Croats, and the Bosnian Serbs. And third — and I consider this very important — the West, and not just the Bosnian Serbs, has now recognized the central role of Belgrade and the need to lift sanctions. So, these are major political elements.

[Dorenko] NATO is operating, the NATO war machine is operating nevertheless. And this is giving rise to objections in Moscow.

[Kozyrev] Yes, this is giving rise to objections here, but I would warn against getting hysterical about this. There is an element of hysteria here and it was particularly prominent on Saturday at the State Duma sitting; panic about no one listening to us; everything is lost; let us embark on confrontation, exchange military threats. Not one positive proposal was made at the Duma sitting. There was one proposal against the Security Council which has already been carried out. There was a proposal on making an appeal to the members of the Contact Group, which was sitting in Geneva at that moment. However, the point is that the deputies did not even want to hear the two deputy ministers — I was on a visit to Bulgaria and Greece at the time — and my deputies were there and could have told them not to write down what has already been done and was being done at that moment.

[Dorenko] Does it help that they are the bad guys and you are good. You can say in the West or wherever: Look what they are like at home, and these are the

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pressures, like Clinton can talk about the pressures of the republicans.

[Kozyrev] No, that does not help. I would say that pressure — if it is sensible pressure — is one thing. Yes, we can say that public opinion at home is concerned. And we do say this: public opinion at home does not accept the air strikes and the president has stated this quite clearly. We may even raise our voices under such conditions. But when the pressure is like that at the Duma sitting, people cease to act like human beings and demand other measures, unilateral steps, little short of military action as Zhirinovskiy says; Lukin has no suggestions, apart from criticism of the government, but then Zhirinovskiy's suggestions remain if there are none from Lukin, and he is completely against what the Government is doing — Lukin is basically leaving the road clear for Zhirinovskiy.

These proposals in the international sphere are the same as those which he puts forward in the Duma. A fight has to be organized. However, it is possible that in the international arena he and his lackeys will not be fighting an old priest or a woman in spectacles, he will have to deal with more serious opponents. And I think that Russians have had enough of this confrontation with the world around it over the past 70 years.

Incidentally, I think that our opposition, which is demanding that we be heard, is banging on the table saying this has to happen, is acting as if it is more holy than the pope. You may have noticed that while our Duma was demanding these completely unconsidered measures, Milosevic and the Bosnian Serbs — the Serbs — were continuing to hold talks on a political settlement with the Contact Group. They did not break them off for a minute.

It is being suggested that we should recall our ambassadors, leave the UN, break off relations, and just look at this list of proposals. While the Serbs themselves, the Belgrade Serbs who are at the center of the whole Serb people, and even those Serbs who are being bombed, are doing nothing of the sort. They are continuing with the political process.

And the voice of Russian diplomacy carries special weight in this political process. We may — and do — criticize the UN command. But we cannot fail to notice that the UN is also taking part in this. And the UN works on the basis of majority rule.

We have expressed our opinion. The Duma wanted the Security Council sitting to be convened now — but it was actually convened a week ago, immediately after the air strike. And we said: We are against air strikes. That is one part of the work. But the majority in the Security Council — and it is also good to know this — is in favor of these strikes. Do you understand the situation? it is not only NATO but also the majority of the member states which are not part of NATO. So those are the rules of the game. This is with regard to the air strikes. We are against them. We are heard. But we cannot insist on our opinion being carried because we are in the minority.

The president is not happy that the strikes are taking place. He has said this sharply and clearly and he has been heard. The whole world is talking about this now. We are heard but people do not always agree with us.

The Americans have for a year been speaking in favor of lifting the embargo on the supply of weapons to the Bosnian Muslims, including at the Security Council. That is their policy line. Their Congress is also demanding this incidentally. However, in the Security Council they had the same experience as we did with the air strikes. They were heard but their proposal was not accepted.

[Dorenko] There is a public procedure of voting — protocols, documents — and there is also a hidden policy. If we were feared, if we forced them [not further specified] to fear us — I almost said if we had a blackmailing mechanism, let us say a mechanism for exerting pressure — they would not even have raised the issue because they would have known from consultations that Russia would be against it. This CIS bloc, this CIS military bloc, that the president spoke about with regard to responses, expansion, and non-consultation with Russia, which [Belarusian] President Lukashenka spoke about today at his own initiative, could this not be a response to the actions of NATO, which is not heeding Russia.

[Kozyrev] As I understand it, the president was in this case speaking about the direction in which we could move, given the worst case scenario. If NATO will not heed us at all, if it moves toward a ridiculously fast expansion, if it continues with unrestricted military action in Bosnia, then we might move in this direction. It was a warning. The difference between what the president said and what was demanded by the Duma is that it is one thing to warn about possible further negative consequences, and it is quite another thing to hasten these consequences now and try to do all this.

[Dorenko] Well, there is an electorate. You have an electorate in Murmansk region. This electorate wants you to help its brothers. This electorate wants us to be patriotic, somewhat nationalistic, further to the left. Do you intend to heed the electorate? The president also faces elections, this needs to be borne in mind.

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[Kozyrev] Of course.

[Dorenko] Clinton thinks about the Republicans.

[Kozyrev] Of course, but Clinton and the Republicans. Clinton submits a proposal to the Security Council on lifting the embargo but it is not accepted. His opposition demands that the United States unilaterally lift the sanctions.

[Dorenko] Something similar to what is happening here.

[Kozyrev] Something similar to what is happening here. He says something and they say something quite different, and demand that it is implemented. He then applies the veto — Clinton applied the veto against the law which was proposed by the Republican opposition. Why? Well, because the logic is such that this is his view which must be defended within the framework of the existing international laws. International laws must not be flouted — it is like hitting a woman in the face — and it implies going over to a completely different, illegal situation, as it were.

I am convinced that my electorate in Murmansk region, I am convinced that the people of Russia are normal people — they are not like Zhirinovskiy, they are not like these political speculators who are now left with nothing, apart from all manner of scandals which they create.

As for our people, yes, they want the air strikes to stop, and the president and the foreign minister say so. However, I am convinced that our people do not want a return to a situation in which for 70 years, all countries in the world marched in step and attained results which were not all bad at all, or to be more accurate, the whole world marched out of step; but the Soviet Union alone did march in step, and that is why our veterans, who won the war, are now much worse off than the veterans in Germany. That is why my Murmansk region, which is thrice as rich in mineral resources than neighboring Norway and is situated in the very same transpolar region, in identical climatic conditions, my Murmansk people live much, much worse than the neighbouring Norwegians — here you have a result of this entire policy of hasty confrontation and so on, and I think that this is patriotic rather than anything else. Politics is the art of the possible. It is the art of the possible.

[Dorenko] Nor is that all. Stashed away, we have more excellent expressions of our foreign minister, who, due to a sensational interest in his person, today squeezed out all experts and all other versions. Tomorrow, we will return to the topic of foreign policy. It will remain topical until tomorrow, and it is just as sure as NATO continuing with its shelling of the Bosnian Serbs. All the best to you.

Daily Views Elections, Bombing of Serb Positions

MM1209085295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 9 Sep 95 p 1

[Article by political observer Pavel Voshchanov: "If Opposition Does Not Give In, It Is Headed"]

[FBIS Translated Text] This week Russian politicians taken up with the shaping of blocs and unions paid no attention to a notable date — 100 days to the forthcoming elections. To being demobilized for some, to being drafted for others.... So far it is hard to say who will enter the finishing straight. We must wait at least until the end of registration. But already it is becoming increasingly obvious that there are no clear favorites and they will hardly appear. Most likely in December Russia will acquire one more "patchwork" parliament in which the deputies' forces will be more or less equally distributed between various currents.

One event of the past few days has been Shakhray's departure from Chernomyrdin's "Russia Is Our Home" and his drift toward the new Yekaterinburg governor. There have been many opinions voiced on this score. I want to offer one more version of what has happened. The convincing victory of Rossel, offended by Yeltsin, over Strakhov, who was loyal to the president, caused disquiet in the Kremlin. And by no means because the center's control over a very large Urals province is weakening. Since Chechnya no one is afraid of that. The reason is purely to do with the election runup: How will the regional leaders start to group around Rossel?

Many of them, although they serve their present Master, have long realized that for them he is a heavy weight with which they will not win a single local election marathon. In hidden corners of the governors' souls there is an increasingly stronger wish to become "foreigners among their own people." This desire is pushing them toward an alliance with Yekaterinburg. But what is the Kremlin to do in this case? After all, if "Rossel's bloc" is formed then the positions of Chernomyrdin and Rybkin will inevitably be weakened. The outcome seems to have been found in the experience of the old party apparatus: If a movement cannot be halted it must be headed. So Shakhray's departure is far more reminiscent of an official tour of duty undertaken with the agreement of the president himself.

The punitive bombing attacks on Serb positions which occurred this week confirmed once again the obvious fact that in the past four years Russia has thoroughly lost the baggage which it used to have in world affairs and our president, alas, is by no means on the same level as his close colleagues.

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And one more conclusion — our parliamentarians have actually failed to ensure that anyone considers their opinion. Never mind abroad — even in their own country. Whatever the Duma may decide at its extraordinary session devoted to the Serb events everything will stay as it is. Even Kozyrev. The president will hardly replace him because in that case he would be displaying the weakness of his own power positions. "Russia's Balkan humiliation" is just a loud political rattle which not a single ideological fighter for votes will miss a chance of using in the 100 days before the election.

Constitutional Court Chairman Clarifies Statement

MM1109095395 Moscow KOMMERSANT-DAILY in Russian 9 Sep 95 p 3

[Report by Maksim Zhukov under the "Situation in Constitutional Court" rubric: "Once the Subjunctive Mood is Used in Jurisprudence It Becomes Politics"]

[FBIS Translated Text] On Wednesday INTERFAX distributed a report that Vladimir Tumanov, chairman of the Constitutional Court, had said with regard to the law "On the Procedure for Forming the Federation Council" that "there is a big chance that we will deem the law to be unconstitutional." Thus the head of the constitutional oversight agency appears to have broken the law by expressing his attitude to a case that has yet to be considered by the Constitutional Court. This could have unpleasant consequences for both Tumanov and the court's authority — the case could be taken away from the judge who let the cat out of the bag. Yesterday KOMMERSANT-DAILY turned to Vladimir Tumanov himself for comments.

Under the law on the Constitutional Court, its members are prohibited from expressing their attitude to questions that have come or may come to the court's consideration. Had the statement carried by INTERFAX really been made by Tumanov, in this case the chairman would have prejudiced the outcome of the consideration by making an explicit assessment of the law. A preemptive strike, particularly one delivered in public, is, as a rule, a strike made by the winner. For the current lineup of the court a statement by their chairman would be enough to adopt the right attitude. On hearing this from Tumanov, the parliamentarians, too, to all appearances, would not have sought protection with the constitutional oversight agency either. That is, there would have been no request to the Constitutional Court regarding the law at all.

In a conversation with your KOMMERSANT-DAILY correspondent, Vladimir Tumanov refuted the words ascribed to him by INTERFAX. The chairman asserted that what he was saying was "the law could possibly be deemed to be unconstitutional," had Boris Yeltsin signed the document (it is well known that the president rejected the law 12 August) and the court received a request to check it out in terms of its conformity with the Constitution. Only then, Vladimir Tumanov emphasized, "would there have been a big chance that the law will be deemed unconstitutional." But the court only received Boris Yeltsin's request to interpret two terms from Article 96 of the Constitution — "the procedure for electing" and "the procedure for forming" the Federation Council. Therefore, according to the Constitutional Court chief's assertion, the court will just interpret the Constitution, not the long-suffering law on the procedure for forming the Federation Council. As regards the aforementioned provision of the Constitution, however, Tumanov has not said anything to journalists about his attitude to it.

But, to all appearances, the very subject matter of the dispute will soon disappear. If the president keeps his promise and signs a special edict on the procedure for forming the upper chamber of parliament, neither Constitutional articles, nor provisions of the unsigned law will concern anyone any longer.

Continued Pre-Election Reportage, Commentary

Officers Banned From Talking to Press

MM0809123095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 8 Sep 95 p 1

[Report by Aleksey Overchuk: "Grachev Has Forbidden Literary Expression, Especially in the Newspapers"]

[FBIS Translated Text] As MOSKOVSKIY KOMSOMOLETS has learned from circles close to the defense minister, Pavel Grachev has made a secret decision about the Army's active participation in the upcoming elections. Lieutenant General Sergey Zdorikov, a prominent political worker in the Defense Ministry, has been appointed mastermind and organizer of the pre-election pursuit of deputies' seats.

The burden is heavy. Because in the event of failure (this time Grachev is gambling on Viktor Chernomyrdin) Zdorikov and his subordinates from the Main Educational Directorate will have to go through another reorganization (the eighth!). (The "commissars'" latest reorganization was in December 1993 when the Army voted in large numbers for Zhirinovskiy).

In connection with the elections Grachev has also issued a strict order for none of the officers to talk to the press. He promised that the consequences will be very serious. The minister warned that he will see to it personally. Superior officers will be held responsible for breaches by their subordinates.

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Furthermore, Grachev has also banned — by way of a verbal directive — literary activity. Lately, Pal [familiar for Pavel] Sergeyevich said, many officers have begun writing memoirs as soon as they retire. I will punish someone for this. Not the "writers" themselves, though, but their former commanding officers. The only problem is, who should be punished for the book by Matvey Burlakov, former Western Group of Forces commander, considering that he was deputy defense minister?

More on Agrarian Party Congress

MM0809125995 Moscow SELSKAYA ZHIZN in Russian 7 Sep 95 p 1

[Report by Aleksandr Bykovskiy: "Agrarians In the Mood for Success"]

[FBIS Translated Text] The Fourth (Extraordinary) Congress of the Agrarian Party of Russia was held in Moscow on Tuesday [5 September]. It examined questions connected with the participation of the Agrarian Party of Russia in the election of Russian Federation State Duma deputies. Taking part in the work of the congress were representatives of 81 regional organizations of the Agrarian Party of Russia, whose membership has exceeded the 300,000 mark, as was announced at the congress.

The current election campaign is being mounted at a difficult and crucial time in our country's history. The so-called reforms being conducted by the would-be reformers have led to an unprecedented fall in the GDP and industrial production. Poverty has become the lot of millions of Russians. Agriculture has suffered particularly badly from the fraudulent reforms. The volume of production has halved here as compared with 1990. Areas sown to farm crops have been reduced by 15 million hectares. The number of cattle have fallen by 20 million, pigs by 13 million, and sheep and goats by 22 million.

The peasants' living conditions have deteriorated sharply. Their real income has in practical terms fallen by 90 percent. Wages are not being paid out for months at a time, and their level is one-half to one-third of wages in other sectors. Children's schools, hospitals, stores, and consumer service centers are closing everywhere. The majority of rural inhabitants have been deprived of the possibility of buying even basic goods such as salt, sugar, matches, and tea.

These and many other sad facts cited by M. Lapshin, chairman of the Agrarian Party of Russia, in his report on the political situation in Russia and the party's tasks in the elections to the State Duma, show graphically how disastrous the current reforms are to the overwhelming majority of Russians. It is distressing to realize that the government, having bought food to the tune of $3 billion abroad, according to figures for the first five months of this year, has found only 15 billion rubles [R] for the purchase of output from domestic commodity producers. Is it not a crime, the leader of the Agrarians said in his address, to give a foreign producer, over a period of less than half a year, unbelievable amounts of money equal to the country's entire annual budget for the needs of the agro-industrial complex.

It is hard to believe that on the threshold of the 21st century, the dead are often buried in cellophane bags because their relatives do not have the money for a dignified funeral. It is not hard to imagine what may happen to Russia if the current socioeconomic course continues to be implemented and if the country continues to teeter on the brink of civil war.

In this situation, a great deal depends on the results that the upcoming December elections will bring — maybe even the very existence of the Russian Federation, which is increasingly noticeably becoming less politically influential in the world arena. And, without a shadow of doubt, the "Agrarian Party of Russia" electoral association is in a position to attract a significant section of the electorate to its side.

As was announced at the congress, the "Agrarian Party of Russia" includes the Agrarian Party, the trade union of workers in the agro-industrial complex, and the Russian Agrarian Union. Rural consumer cooperatives; representatives of the Association of Russian Peasant (Private) Farms And Agricultural Cooperatives [AKKOR]; the Council of War and Labor, Armed Forces, and Law Enforcement Organ Veterans (Pensioners); the "Officers of the Reserve" private farmers' association; Cossacks; workers in the forestry sector; land reclamation workers; and fishermen have joined the agrarians' association, as well as Russian trade unions of workers in automobile and agricultural machine-building, health protection, forestry sectors, consumer cooperatives and private business, the fishing industry, communications, and the chemical sectors of industry.

So what is the electoral platform of the agrarians, what program are they taking to the elections?

The Congress announced that the "Agrarian Party of Russia" electoral association's main aim is to reinforce genuine people's power in the form of soviets. The path to this is via the development of real local self-government, the election everywhere of representative organs with functions of legislative activity and supervision of the executive power. The agrarian deputies will strive for the formation of a government of people's trust capable of putting an end to the current destructive course, and conducting effective reform of socioe-

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conomic, production, and labor relations in the interests of the majority of Russians.

Representatives of the Agrarian Party of Russia in the parliament will maintain, by political means, the natural aspiration of the peoples of CIS countries to reestablish a Union state on a new basis. They will also strive for the inclusion in the Constitution of an article on Russia's readiness to reunite with the former USSR republics in a single state on a voluntary basis. Furthermore the Congress supported the initiative of the "Agrarian Party of Russia" deputies' faction to conduct, at the same time as the elections to the State Duma, a Russia-wide referendum on the question "Do you support the reunification, within a single Union state, of the republics of the former USSR on a democratic basis and in accordance with the voluntary expression of the will of their peoples?"

In what way does the "Agrarian Party of Russia" association's platform differ from the platforms of other political forces?

First and foremost in that the agrarians intend to achieve Russia's revival through the revival of the countryside. Changes for the better are impossible in the country until the life and working conditions of the rural population are normalized. And the future of agriculture lies in the creation of a powerful cooperative system capable of establishing the necessary pace of life for the whole country. It was also confirmed at the congress that the agrarian deputies will unfailingly defend the peasants' mandate on the land: It should belong to the peasants, those who work on it, and indeed every Russian citizen should have the right to obtain a plot of land for horticulture, market gardening, livestock farming, and also for the construction of a house, a dacha, and a garage.

State Duma deputy T. Leta, who addressed the congress, drew the attention of its participants to the premier's tactlessness in respect of the agrarians. In one of his numerous pre-election speeches, he referred to the agrarians as being involved in a "farce." It is strange that such an insulting attack at the very beginning of the pre-election race was made not by some kind of notorious politician, but by the chairman of the government himself, who is the leader of the "Russia Is Our Home" electoral association. And no doubt as the elections approach the slanderous campaign against the Agrarian Party of Russia will grow from one day to the next.

That is why it is so important to preserve the unity of the agrarian movement in this very difficult period. And it is gratifying that M. Lapshin, V. Starodubtsev, and A. Zaveryukha, and many other delegates to the congress have all called for unity. In special addresses to the voters, to the women of Russia, young people, pensioners, and war and labor veterans, the agrarians are calling on Russians to protect Russia and the overwhelming majority of its citizens from the ruinous pseudo-reforms and support the representatives of the agrarians at the elections. The list of candidate State Duma deputies from the "Agrarian Party of Russia" electoral association is headed by M. Lapshin, A. Nazarchuk, and V. Starodubtsev.

Shakhray Issues Statement on Regions

LD0909101295 Moscow ITAR-TASS in English 0821 GMT 9 Sep 95

[FBIS Transcribed Text] MOSCOW September 9 (ITAR-TASS) — The Russian Party of Unity and Accord (PRES) led by Deputy Prime Minister Sergey Shakhray will always remain in touch with Russian regions, including the Sverdlovsk region, says a statement from PRES's press service.

The statement was issued in relation to media reports that the leadership of PRES, one of blocs to contend for seats in the Russian State Duma in the election ahead on December 17, is in talks with Sverdlovsk regional governor Eduard Rossel tandem electioneering.

The statement says PRES does not plan an electoral alliance with the Rossel-led regional bloc and has no talks with him.

PRES is a party of regions, and singling out any of them contradicts its programme and pre-election strategy, the statement says.

'Union of Patriots' Holds Congress

LD0809143995 Moscow INTERFAX in English 1314 GMT 8 Dec 95

[FBIS Transcribed Text] MOSCOW, Sept 8 (INTERFAX) — A new election bloc of Russia's national-patriotic forces, the Union of Patriots, held its founding congress in Moscow Friday.

The bloc's federal list of candidates is led by Chairman of the All-Russia Officers' Assembly, Colonel-General Vladislav Achalov; Chairman of the Russian National Assembly party, former KGB general Aleksandr Sterligov; and former member of the 1991 coup leaders' State of Emergency Committee Alexander Tizyakov.

The Russian National Assembly constituted the nucleus of the congress which was also attended by representatives of 18 public organizations, including the Black Hundred and the Union of Russian Officers.

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Vladislav Achalov told delegates that the Union of Patriots would defend the interests of the working people, researchers and engineers, and veterans of wars and the armed forces. He also said that the newly-established bloc will campaign for state control over the economy, for free housing, medical services and education, and against private land ownership.

In addition to this, the new bloc will work for the unification of Russia, Ukraine, Belarus and Kazakhstan into a single state, and "insist on a proportional ethnic representation in state bodies."

By decision of the delegates, the federal list of 12 candidates will have only Russian representatives.

Speaking about the new bloc's chances, Sterligov stated: "We shall struggle for and score at least 15% of the votes, not a mere 5%."

The bloc leaders named the Communist Party of the Russian Federation and the Agrarian Party of Russia among their allies.

The congress adopted a statement on the Balkan war in which the genocide of the Serbs by the west is condemned and the Russian authorities are accused of "conniving with the aggressive actions by NATO, led by the U.S."

More Election Blocs Registered

LD0809125495 Moscow ITAR-TASS in English 1233 GMT 8 Sep 95

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, September 8 (ITAR-TASS) — Five more blocs to participate in the election of deputies of the State Duma of the second convocation were registered by the central electoral commission of Russia on Friday. These are the "Common Cause" intraparty political movement of voters, the "Our Future" bloc, Stanislav Govorukhin's bloc, the "Intranational Union" bloc and a nameless bloc which only contains the enumeration of parties and groups included.

The "Common Cause" bloc includes the electoral associations "The Human Chain Union" and the "Common Cause." The "Our Future" bloc includes electoral associations — the "Association for the Development of Citizens' Private Initiative" and the "Patriotic Movement for the Study of Stalin's Heritages."

Stanislav Govorukhin's bloc unites the All-Russia trade union association, the Russian socio-patriotic movement "Popular Alliance" and the "Russian Christian Democratic Movement."

The "Intranational Union" bloc includes "Russia's Congress of Civic Accord," the Russian Christian-Democratic Party and the Association of Koreans in Russia.

The fifth bloc defined merely as the election bloc includes chiefs of the Party for the protection of children (Peace, Good and Happiness), "The Russian Women" Party, the Orthodox Christians Party "Vera, Nadezhda, Lyubov," the Popular Christian-Monarchic Party, the party for the alliance of Slavic peoples, the Rural toilers party "Mother Earth," the party for invalids protection, the party of victims of authorities and impoverished within electoral associations, the tourism-sports union of Russia, the Russian union of workers of television and radio broadcasting, the Russian society of users of automobile equipment.

Military & Space Issues

Yeltsin Allocates Funds for Troop Food Supplies

LD0809182595 Moscow ITAR-TASS in English 1746 GMT 8 Sep 95

[FBIS Transcribed Text] MOSCOW, September 8 (ITAR-TASS) — Russian President Boris Yeltsin ruled to earmark 2,257,900 million roubles (some 500 million dollars) for the food provision of federal troops.

Under a document to this effect ITAR-TASS received on Friday, the funds are to be allotted from the federal budget as early as in 1995. The motion was brought in by the cabinet, the decree said.

Grachev Addresses Army Recruiting Problems

LD1109194495 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 11 Sep 95

[From the "Vremya" newscast]

[FBIS Translated Excerpt] [passage omitted] Pavel Grachev believes that the problem of army recruitment will soon be solved, mainly through going over to a two-year period of service.

[Begin Grachev recording] We have calculated that the services will be manned in the following way: the land Army's strength level will be around 65-68 percent, with the remaining services strength levels varying between 70 and 75 percent.

Of course, this is not sufficient, according to our military yardsticks, in order to appraise units and combined units as combat-ready, but it is something. [end recording]

The minister also noted that the Russian Army's most difficult period is already behind it. [passage omitted]

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Grachev Cited on Personnel Levels in Army

LD1209103295 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 11 Sep 95

[From the "Vremya" newscast]

[FBIS Translated Text] One of our film crews is just back from a trip to the [Russian] Far East, where the army has its problems but, as our correspondent was told, the traditions remain.

[Correspondent] Quite recently a mighty military group was concentrated in the Far East. The number of troops there has now fallen drastically, although the strategic importance of the region has not declined at all. It is a matter of survival and preserving what remains. The defense minister and a large group of high-ranking generals spent almost all of last week inspecting units of the Far East Military District. One of the main problems is the catastrophic situation in recruitment. For example, in Kamchatka there are 60 contract servicemen, 116 women, and just 12 conscript soldiers in the 304th Motor Rifle Regiment of the Krasnodar-Kharbin Division. The situation is about the same in other units of the division, which guards nuclear submarines. Incidentally, the women like military service: they say it is interesting firing weapons and they like the pay with all the allowances for the North, which has not once been delayed. These are the defenders of the strategic bridgehead.

Back to the call-up: In the spring one regiment received 20 new recruits, each of whom had criminal convictions. It is hardest of all for the young lieutenants. In practice they are doing the work of the ranks. Tank crews mainly consist of the most junior officers, although according to regulations T-80 tanks should be commanded by warrant officers. Moreover, none of these boys complain about their fate. They carry out their service conscientiously, demonstrating not only skill in tank gunnery but also a high level of physical training.

Then it turns out that the headquarters generals also have powder in their flasks. As far as the call-up problem is concerned, in Pavel Grachev's words, "it will soon be resolved", mainly through going over to a two-year period of service.

[Begin Grachev recording] We calculate that the services will be manned in the following way: the land army's strength level will be around 65-68 percent, with the remaining services' strength levels varying between 70 and 75 percent.

Of course, this is not sufficient, according to our military yardsticks, to appraise units and combined units as combat-ready, but it is something. [end recording]

The minister also noted that the Russian army's most difficult period is already behind it. And they are maintaining their traditions. In the course of one night prior to the arrival of the top brass they laid fresh asphalt, tidied up the perimeters, and washed down the parade ground.

Grachev Asks To Prolong Service of Conscripts

LD0909171395 Moscow INTERFAX in English 1332 GMT 9 Sep 95

[FBIS Transcribed Text] YAKUTSK, Sept 8 (INTERFAX) — Russian Defence Minister Pavel Grachev has said that Russia's ground troops must be manned no less than 70%, Anti-Aircraft Defence, the Air Force and the Navy, no less than 80%, and Strategic Missile Troops, no less than 90% to retain the adequate level of readiness.

Asked when the Defence Ministry hoped the number of conscripts would increase to the necessary level, Grachev said that if a number of exemptions were abolished, the target might be achieved towards the autumn of 1996.

Grachev also said that to adequately man the armed forces the State Duma should prolong by another six months the service of conscripts due to be dismissed this autumn. The sole exception would be made for those serving in "trouble spots."

Grachev said that such a decision would make it possible to man ground troops 65%-68% this autumn, and other arms and services, 70%-75%.

Grachev returned to Moscow on Friday evening.

Food Transported to Yamal Workers by Nuclear Subs

LD1109203795

[FBIS Editorial Report] Moscow Russian Public Television First Channel Network in Russian at 1700 GMT on 11 September, in its regular "Vremya" newscast, broadcasts a 3-minute report by an unidentified correspondent, who says that more than 100 nuclear submarines have been decommissioned by the Russian Navy. The state has no money to run them, but the subs have between 10 and 15 years of life left in them yet, the correspondent says.

The video shows a submarine, said to be on active service, which was used for a trial run, ferrying food for the Yamal peninsula gas extraction workers. The sub arrives at a pre-arranged spot in the Kara Sea, 10km from the port of Kharasavey, where the Kapitan Chudimov ice breaker ties up alongside it and takes the freight on board.

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"This proves that the nuclear submarine fleet is capable of successfully delivering cargo to remote localities in the Arctic Ocean. The decommissioned subs should form the backbone of such a fleet," the correspondent states. [Video shows subs in port, cargo lowered to a point just above a sub, a sub plying the waters, transloading; report captioned as from the Yamal Peninsula]

Soyuz TM-21 Lands Safely in Kazakhstan

LD1109071795

[FBIS Editorial Report] Moscow Mayak Radio Network in Russian at 0652 GMT on 11 September announces that the Soyuz TM-21 spacecraft landed safely in Kazakhstan at 0652 GMT. The landing is reported in a live despatch from the landing area near Arkalyk, in Kustanay Region. The radio correspondent is heard saying: "That's it! That's it! The ship has landed. So Anatoliy Solovyev and Nikolay Budarin are on Earth." In the background a voice can be heard announcing the touchdown over a tannoy system.

Federal Assembly

Continued Reportage on Duma Session on Bosnia

Special Duma Session Viewed

MM0809174695 Moscow IZVESTIYA in Russian 9 Sep 95 p 1

[Report by Leonid Mlechin: "Bosnian Crisis: President Already Doing What the Duma Has Not Yet Decided"]

[FBIS Translated Text] Neither the leaders of the Foreign Ministry (Andrey Kozyrev has flown off to Bulgaria and his first deputy, Igor Ivanov, to Geneva, for talks on Bosnia), nor experts on Yugoslav affairs were invited to attend the State Duma session on Bosnia.

"Actually, I will be talking with Rybkin about this," Vladimir Lukin, chairman of the International Affairs Committee, promised IZVESTIYA the day before.

Obviously the Duma session will not be like the usual parliamentary hearing, in which deputies first question specialists in an attempt to understand the situation, and only then formulate their conclusions. Judging by the fact that the leaders of the factions are slated to speak immediately, the deputies' are ready with their conclusions even before the discussion.

The Russian deputies' interest in the war on the territory of former Yugoslavia is in direct proportion to the temperature of the political emotions inside our country. For three years now the Yugoslav theme has come to the forefront at times of bitter political battles and attacks on the government and president and, particularly, on the eve of elections. It is the opposition's favorite topic, and, though the opposition may change, love is unchanging.

It is characteristic that the special Duma session was occasioned not by the situation in Tajikistan or in Chechnya, where Russian soldiers are being shot at, not by the tragic deaths of miners at the "Pervomayskaya" mine (which could have prompted a discussion of the state of affairs in the coal industry), but by NATO's efforts to lift the Sarajevo blockade and save the city's inhabitants from constant bombardment.

The absence of real interest in what is actually happening on the territory of former Yugoslavia confirms the fact that, first, many Russian politicians are indifferent toward the tragedy of the southern Slavs and, second, they are cynically using this bloody topic as a convenient springboard for attacks on the government and as a means of drawing attention to themselves. After all, it is not like a discussion of the budget or even the situation in Chechnya, when they are somewhat afraid of standing up and saying empty words.

What will happen after the Duma session?

The Duma cannot change foreign policy by itself. So the main question is as follows: To what extent is President Yeltsin inclined to succumb to this pressure? Will he confine himself to loud anti-Western statements, which, as one might have expected, did not impress anyone? Or will he translate his dissatisfaction with the West into something practical?

"The Duma's job is to relay public opinion and give the president recommendations. The president, incidentally, is already carrying out some of the Duma Council's proposals," International Affairs Committee Chairman Vladimir Lukin told IZVESTIYA.

As I see it, the president, by wagging his finger at NATO, was not so much following the Duma's advice (Boris Yeltsin is not noted for this) as trying to make personal capital out of the public mood. And the public mind is still dominated by anti-Western feeling, hatred of NATO, and fear of it.

But it is hard to imagine that Boris Yeltsin, as he goes on leave, would really want to fall out with Western Europe and North America over Bosnian affairs.

Shakhray Comments on Conflict

LD0909185595 Moscow INTERFAX in English 1654 GMT 9 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 9 (INTERFAX) — According to Sergey Shakhray, Russian deputy prime minister and leader of the Party of Russian Unity

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and Accord (PRES), the Balkan conflict is beginning to look like the upcoming war between the Western Christian, Orthodox and Moslem civilizations, and Russia must save the world from another world war. He spoke at the extraordinary session of the Russian State Duma Saturday.

Shakhray believes that the U.N. security Council must discuss the World War III threat and the need to stop the bloodshed in the Balkans. Russian representative in the Security Council must veto all resolutions "until the Security Council takes heed of Russia's position" on the Balkan conflict.

The Chechen crisis "made all our citizens realize that it is impossible to resolve a regional conflict by using force only," said Shakhray. He expressed the hope that "this experience will rule out Russia's interference into the Balkan crisis."

It is necessary to adopt a complex and gradual program of cooperation between sates, political institutions and public forces in order to localize the Balkan conflict, reduce military confrontation in former Yugoslavia and to provide humanitarian aid to the whole population, said Shakhray.

Speaking about the work of the Foreign Ministry, he accused Russian diplomats of being unable to "think in advance or work out a solid strategy." However, Shakhray said he believed in the potential of the Russian diplomacy which would be able to "prevent the Yugoslav conflict from evolving into a world war."

Deputies, Duma Decree Cited

MM1209074695 Moscow ROSSIYSKAYA GAZETA in Russian 12 Sep 95 p 1

[Report by Aleksandr Krasulin accompanied by unattributed report under the general heading: "There You Go! NATO Is Europe's New Policeman"]

[FBIS Translated Text] As is well known, last Saturday the State Duma adopted a decree and statement on the Bosnia crisis.

Some of the deputies' judgments were heard by our parliamentary correspondent.

State Duma Speaker Ivan Rybkin: "I think the government will take all the necessary measures. They will not go on bombing with impunity any longer."

Vladimir Lukin, chairman of the Committee for International Affairs:

"Judging from existing experience the Russian Federation president is heeding the State Duma's opinion. As for the West, from the very outset it has pursued a unilateral policy in the Balkan crisis...."

Rear Admiral Petr Premyak, deputy chairman of the Federation Council Committee for Security and Defense Issues:

"Without any doubt the government will implement the State Duma decree via the Foreign Ministry and our representative at the UN Security Council. Boris Yeltsin has already stated that the question of actions by the rapid reaction forces in Bosnia-Herzegovina needs to be resolved...."

From the State Duma Decree

The State Duma, in particular, decreed that the following proposal be put to the Russian Federation president:

—to strive on behalf of the Russian Federation for the immediate convening of the UN Security Council to call NATO to account for its aggression in Bosnia, which has resulted in the mass destruction of the civilian population;

—to relieve Andrey Vladimirovich Kozyrev of his duties as Russian Federation foreign minister;

—to urgently resolve the question of the signing of the federal law "On the Ending of the Russian Federation's Participation in the Implementation of International Sanctions against the Federal Republic of Yugoslavia" and the law on measures by the Russian Federation to prevent genocide against the Serb people on Croatian territory, and to examine questions of military-technical cooperation,

—to examine the question of suspending the Russian Federation's participation in the "Partnership for Peace" Program;

—to support the Russian Federation president's initiative to convene an international peace conference on Bosnia-Herzegovina involving all interested parties;

—to include in the plan for the State Duma's draft legislative work the draft federal law "On Russian Federation Citizens Voluntarily Taking Part in Armed Conflicts in Connection with the Provision of Aid to the Fraternal Serb People."

Gaydar Deplores Yeltsin's Statement on Ukraine

LD0909164495 Moscow INTERFAX in English 1332 GMT 9 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 9 (INTERFAX) — Better relations with Ukraine should be a priority goal of Russian foreign policy, the leader of the

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Russia's Choice faction in the State Duma Yegor Gaydar has said.

He was speaking in the lower house of the Federal Assembly at a news conference together with Ukrainian Deputy Prime Minister Viktor Pynzenyk and coordinator of the Reform faction of the Ukrainian parliament Serhiy Sobolev.

Gaydar said that he deplored President Yeltsin's earlier statement that his visit to Ukraine would take place only when fundamental controversies in bilateral relations were settled, including the agreement on the Black Sea Fleet.

Gaydar said that at Saturday's meeting of the Russia's Choice faction with Ukrainian law-makers ways were discussed of establishing closer relations between the Russian and Ukrainian economies and political situations in either country.

Gaydar said that Ukraine had made a serious breakthrough towards a market economy in the period from October 1994 to June 1995. Gaydar deplores monetary emission in Ukraine last July but believes that the situation may be corrected.

Ukrainian Deputy Prime Minister Pynzenyk said that "there has been no departure from economic reform, however, attempts have been made to upset the correct process and that is a threat to the results of big work". Pynzenyk said that Ukraine had reduced inflation to 4%-5% a month and added there was every chance of reducing it further and keeping at a level of 1%-2%.

About the economic situation in Belarus Gaydar said that "differences in economic policies are a serious blow on likely Russian-Belarusian cooperation".

Duma Begins Debating Federal Budget Bill

LD0809130495 Moscow ITAR-TASS in English 1233 GMT 8 Sep 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, September 8 (ITAR-TASS) — The State Duma started examining the federal budget bill for 1996: the working group at the Budget, Taxes, Banks and Finance Committee held its first meeting on Friday. It includes legislators from all Duma committees as well as parliamentary factions and groups.

Commenting on the meeting results, Chairman of the Budget Committee Mikhail Zadornov said in an interview with ITAR-TASS today that its main task is to prepare the committee's position by the Duma's autumn session on the 1996 federal budget bill submitted by the government.

According to Zadornov, legislators will concentrate, during the next five-seven sittings of the working group, on the main issues which will be necessary to discuss during the debate of the draft budget in the first reading.

They include a forecast for Russia's social and economic development in 1996, distribution of revenues from federal taxes and charges between the federal budget and budgets of the Russian Federation's members, revenues of the federal budget by their classification, the size of a deficit, outlays as a whole as well as revenues and outlays of state extra-budgetary funds.

Zadornov stressed that adoption by the State Duma of the budget bill before the new fiscal year necessitates the debate of the bill in a short period of time.

It will be remembered that the government requests the following for the 1996 fiscal year: 333,000 billion roubles as revenues, 414,500 billion roubles as outlays and a budget deficit of 82,000 billion roubles, which will be somewhat less than four percent of the gross domestic product.

Zadornov said that "deputies raised several questions before the Finance Ministry today to specify materials submitted to the chamber and connected with the debate of the budget draft for 1996." He called a date for the working group's next meeting — next Tuesday, September 11.

Recent Brawl Among Duma Deputies Reported

Rybkin Requests Investigation

LD1109173295 Moscow INTERFAX in English 1432 GMT 11 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 11 (INTERFAX) — State Duma Chairman Ivan Rybkin has addressed a letter to Aleksey Ilyushenko, acting prosecutor general, with a request to investigate the actions by deputies Nikolay Lysenko and Vladimir Zhirinovskiy against deputy Yevgenya Tishkovskaya and her colleague Gleb Yakunin in parliament on September 9.

Rybkin asks, if possible, "to submit the essential materials of inquiry to the State Duma Council on September 26", says a report released by the press service of the parliament's lower house.

When the Balkan issue was discussed in the State on Saturday, tension in the hall ran so high that National Republican Party Chairman Nikolay Lysenko tore a cross off Gleb Yakunin, co-chairman of the Democratic Russia movement.

Yakunin appears in parliament dressed as a priest with a pectoral cross, even though the Holy Synod of

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the Russian Orthodox Church dismissed Yakunin from religious office after he had exposed information about hierarchs contacts with KGB.

Yakunin publicly called Lysenko "a criminal and a bandit," demanded back the "old silver cross", and after gathering witnesses evidence threatened to start a court action against Lysenko.

Lysenko promised to turn the cross over to the church. He explained his action by saying that Yakunin had no right to wear the holy cross as he had been dismissed from religious office.

Lysenko publicly tore a Ukrainian flag into pieces during debates on the Black Sea Fleet at the previous parliamentary session.

Other deputies, LDPR boss Vladimir Zhirinovskiy among them meddled in the brawl between Lysenko and Yakunin. Zhirinovskiy hit Tishkovskaya, trying to separate Yakunin and Lysenko. He then grabbed her by the hair and tore off her glasses.

Deputy To Charge Zhirinovskiy

LD1109173795 Moscow INTERFAX in English 1432 GMT 11 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 11 (INTERFAX) — Russian State Duma Deputy Mrs. Yevgeniya Tishkovskaya of the New Regional Policy faction intends to lay a legal claim for moral damages against LDPR leader Vladimir Zhirinovskiy, Tishkovskaya told INTERFAX on Monday in the wake of a brawl erupting during a special parliamentary session on Saturday.

Tishkovskaya said she had attempted to take the fighting men apart after seeing that leader of the National Republican Party Nikolay Lysenko tried to strip Father Gleb Yakunin (Russia's Choice) of his cross. She spoke of having intervened to try to prevent a clergyman being strangled to death in the Duma.

She said Zhirinovskiy had chosen the weakest by attacking her. Tishkovskaya said Russian women had always intervened in fights between men and that not even the last drunkard had ever raised his hand against them. "Zhirinovskiy cannot be called a man after what happened," she said.

As shown by television cameras, not only did Zhirinovskiy push the woman trying to retrieve the cross, but he also grabbed her by the neck and hair and took off her glasses.

Tishkovskaya also accused the LDP leader of punching one other woman deputy Nina Volkova in the mouth who appeared to be in Zhirinovskiy's way as he dashed to help Lysenko.

Zhirinovskiy Accuses Rybkin

LD1109195195 Moscow INTERFAX in English 1854 GMT 11 Sep 95

[FBIS Transcribed Text] MURMANSK, Sept 11 (INTERFAX) — Leader of the Liberal Democratic Party of Russia [LDPR] Vladimir Zhirinovskiy speaking in Murmansk on Monday described as another farce the letter from State Duma Speaker Ivan Rybkin to Acting Prosecutor General Aleksey Ilyushenko asking him to look into last Saturday's brawl in parliament.

In an interview with INTERFAX, Zhirinovskiy accused the speaker himself of provoking the scuffle by putting the house to a vote on the question of whether to allow "President of the Transdniestrian Republic Igor Smirnov" to address the Duma.

He also blamed Deputy Gleb Yakunin whom he described as a false preacher. "He must not be allowed to speak in parliament on any questions," Zhirinovskiy said.

On the Russian foreign minister's fate, Zhirinovskiy referred to an anonymous Kremlin source and said Yeltsin was expected to take a decision on Andrey Kozyrev's dismissal by Thursday.

On the Bosnian conflict, the LDPR leader assigned himself a decisive role saying that his faction would insist on the resumption of full scale contacts, including military, with Yugoslavia.

Zhirinovskiy announced he was sending a team of LDPR deputies to the Balkans on Wednesday to initiate the transfer to Serbia of part of the navy deployed in the Adriatic, but he himself would go to Bosnia on October 1.

Zhirinovskiy said that the LDPR would thereby set a precedent for the resolution of the Bosnian conflict at political party level rather than at the level of an undistinguished foreign ministry.

Regional Affairs

Defense Minister Continues Far East Military Tour

Visits Chukotka, Yakutsk Enterprises

MM1109131795 Moscow KRASNAYA ZVEZDA in Russian 9 Sep 95 p 1

[Report by Aleksandr Pelts: "Russian Defense Minister Visits Yakutia"]

[FBIS Translated Text] Army General Pavel Grachev, the Russian defense minister, continued work among

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troops of the Far East Military District 7 September. Accompanied by Aleksandr Nazarov, governor of Chukotka, he visited a number of remote military units of enterprises in the Chukotka Autonomous Okrug. The defense minister noted that this region occupies a special place in the state's defense system. Unfortunately, in recent years the troops stationed here have experienced serious difficulties, mainly financial ones. Summing up the results of the visit to Chukotka, the defense minister announced that many things in the present situation of the troops in Chukotka need to be changed, especially on matters of increasing their combat readiness, without at the same time changing their numerical strength.

On 8 September the defense minister arrived in Yakutsk where he was greeted by Mikhail Nikolayev, president of the Republic of Sakha-Yakutia, and Yuriy Kaydyshev, chairman of the government. While in Yakutsk, Army Gen. Pavel Grachev visited the military department of Yakutsk State University and the Yakutsk medical center and also took part in the opening of a military hospital for veterans of the Great Patriotic War. Afterwards the defense minister had a meeting with the republic's leadership.

Daily Summarizes 'Notable' Tour

MM1209115495 Moscow KRASNAYA ZVEZDA in Russian 12 Sep 95 p 1

[Report by Aleksandr Pelts: "A Stern Region, But Our Own. On the Results of the Russian Defense Minister's Working Tour of the Far East Region"]

[FBIS Translated Text] This year's tour of the garrisons of the Far East Military District and the Pacific Fleet by Russian Federation Defense Minister Army General Pavel Grachev was notable not only for his participation in ceremonies to mark the end of World War II which were held in Vladivostok and Khabarovsk. As KRASNAYA ZVEZDA has already reported, the celebratory section of the program was brief. After that the itinerary took in what are perhaps the remotest parts of the Far North and Yakutia. The defense minister also had meetings with heads of local administrations, which undoubtedly make it possible even during the visit itself to deal with many urgent questions, especially those concerning the social protection of servicemen.

The most noteworthy in this respect were the meetings with Aleksandr Nazarov, governor of Chukotka, and Mikhail Nikolayev, president of Yakutia (Sakha).

During the final press conference, Defense Minister Army Gen. Pavel Grachev stressed that his annual working tours of the Far East region are determined by the region's special place in the state's defense system. Furthermore, in the course of the current reorganization of the grouping of troops in this strategically important region it is necessary to gain a personal knowledge of everything, to improve the system of manning the troops and naval forces, and to resolve questions of their supplies and finances. Here it is by no means a question of a buildup of forces in the Far East. First and foremost it is important to boost the effectiveness of combat training, make skillful use of local resources, and strengthen links with local administrative organs. Another important matter tackled during the tour was to study the potential for balancing the forces and resources located in central Russia and on its Far Eastern fringes. Many troop units, as the defense minister noted, are operating under unequal conditions. This deficiency must be rectified.

In principle, the problems encountered by people in the Far East are similar to those that exist everywhere. Chief among them is that of hitches in finance and undermanning. However, even here there has been marked progress. Even in the Far North, in Chukotka, servicemen are feeling increasingly confident, are getting down to the concrete work of maintaining combat readiness, and are not experiencing feelings of alienation or of not being needed.

In addition, during his work in Yakutia, Defense Minister Army Gen. Pavel Grachev visited the military faculty at Yakutsk State University, headed by Colonel Valeriy Telichko. After reviewing the well-equipped study premises and studying the system of military education of students, the defense minister noted the importance of this work for Russia's Armed Forces. As you know, not so long ago it was the military faculties of higher educational establishments that were subjected to the harshest criticism for formalism and poor-quality education. This faculty is a convincing illustration that if you set about the job with a will and set concrete targets, you will get results. The local authorities are also pleased that even in the present difficult conditions it has proved possible to restore what had been lost in recent years.

The fact that attitudes toward the Army, its problems, and service of the Fatherland are changing, and changing substantially at that, is attested by the following. During his meeting with the Russian defense minister, President Mikhail Nikolayev of Yakutia raised the question of setting up a Suvorov school [military school for young civilians] in Yakutsk. The reasons are simple — many young people want to be soldiers, but it is not so easy to get to Moscow or St. Petersburg. The question was resolved — there is to be a Suvorov school in Yakutia.

In general the meetings showed that Russia has not run short of patriots and selfless people who, even in the

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conditions of the Far North and the Far East, fulfill their military duty in an exemplary fashion. KRASNAYA ZVEZDA will tell you about many of them.

Zhirinovskiy Threatens To Fire Murmansk Governor

LD1109204295 Moscow INTERFAX in English 1854 GMT 11 Sep 95

[FBIS Transcribed Text] MURMANSK, Sept 11 (INTERFAX) — The leader of the Liberal Democratic Party of Russia (LDPR), Vladimir Zhirinovskiy, arrived in Murmansk Monday.

Zhirinovskiy is accompanied by his sister, candidate for people's deputy from the Murmansk constituency and finance minister of his shadow cabinet. He told INTERFAX he had recently decided to nominate his sister for the State Duma in the Murmansk constituency.

In addition, son of the former head of the St. Petersburg Naval Academy Rear Admiral Yevgeniy Buzov will also run in one of the Murmansk region constituencies. "The attraction of having the son of an influential high-ranking officer of the North Fleet on our side has reinforced the LDPR military lobby in the State Duma," Zhirinovskiy said.

Zhirinovskiy began his one-day stay in Murmansk by making a scandal in the airport. Outraged that the airport management did not provide him with personal means of transport, he summoned the airport director and the head of security service to the reception desk. He publicly called the director an "entrenched CIA agent" and threatened to sack him as soon as he came to power. He also wanted to sack Murmansk Region Governor Yevgeniy Komarov and Murmansk Mayor Oleg Naydyonov, who refused to receive him.

In addition, INTERFAX learned that the North Fleet command had denied the LDPR delegation access to Severomorsk. Commenting on this in an interview with INTERFAX, Zhirinovskiy said "the Defense Ministry is preparing personnel reshuffles before the elections and the Severomorsk navy servicemen, usually loyal to the LDPR, are afraid of the Kremlin's anger."

Zhirinovskiy met Murmansk Regional Duma deputies and gave an interview to the local television Monday.

He is scheduled to continue his election campaign in Arkhangelsk Tuesday.

Sverdlovsk Governor Calls For Regional Independence

LD1209091395 Moscow ITAR-TASS in English 0832 GMT 12 Sep 95

[By Oleg Velichko and Vladimir Zuykov]

[FBIS Transcribed Text] TYUMEN, September 12 (ITAR-TASS) — Newly elected governor of the Sverdlovsk region Eduard Rossel said that the population of Russia's largest region unequivocally said "yes" in reply to a question whether heads of regional executive bodies of power should be elected.

Rossel spoke at a session of the council of the Association for Economic Cooperation (AEC) between regions and republics of the Urals region. "I have held around 250 meetings with the electorate, which entitles me to say that the people link the solution of their problems with broader independence of Russia's regions," Rossel said.

Rossel believes that this is an objective process since the federal authorities are not able to curb crime rates in the country and protect the population against being robbed by all kinds of investment funds and banks. "We do not have state credit and investment policy and we artificially ruin hundreds of Russian enterprises capable to provide modern technology and equipment to our markets and save billions of dollars which are, in fact, spent today on support to Western companies, while we might save these funds to resolve other problems, such as housing construction," Rossel said.

The AEC board has instructed its president Eduard Rossel to submit a number of proposals to the Russian government. These proposals envisage the endorsement of a federal programme for launching the production of highly efficient imports-substituting equipment for the development and transportation of energy resources with the involvement of machine building and converted defence-related enterprises in the period between 1996-1998. Rossel noted the importance of creating an easy economic regime for such enterprises up to partial or complete exemption from a number of taxes and reduction of customs duties for completing parts imported from abroad.

Primorye Regional Duma Adopts Charter

LD1209090895 Moscow ITAR-TASS in English 0739 GMT 12 Sep 95

[By Eduard Popov]

[FBIS Transcribed Text] VLADIVOSTOK September 12 (ITAR-TASS) — The Charter of the Primorye

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Region was adopted today after third reading by a regular session of the regional Duma.

Its main provision says that the Primorye Region shall be a subject of the Russian Federation with the same rights as others, it shall be its inseparable part, and shall not have the right to withdraw from Russia. A certain degree of independence will be preserved by the Primorye Region in its relations with federal authorities.

The Charter sets the priorities with regard to the rights and freedoms of individual. According to the Charter, state executive power will be exercised in the Primorye Region by the Governor, elected for a term of four years, and the representative power will be exercised by the regional Duma with the same term of office. The Charter envisages a mechanism of the dissolution of the Duma and the removal of the Governor from his post. Both problems can be resolved with the help of a regional referendum.

Priorities in the social policy, recorded in the Charter, include social security for the population, the development of secondary and higher education, the protection of public health and of the natural environment.

Chuvashia Deputies Attempt To Abolish Presidency

MK0909132195 Moscow SEGODNYA in Russian 8 Sep 95 p 2

[Report by Yelena Viktorova: "Chuvash President Is Confident of his Future. Attempt To Abolish President's Post Is Viewed by him as Revenge for Abolishing the Electoral Law Passed by the State Council"]

[FBIS Translated Text] The so-called "Cheboksary First Action Committee" has publicly announced in the mass media that it "has succeeded in collecting the required 25,000 [signatures]" on a petition to hold a referendum on abolishing the office of president in Chuvashia. The referendum champions explain their stand by the fact that Chuvashia is "too small" for the institution of presidency. At the same time, however, they admit that the action is above all directed against Nikolay Fedorov, the incumbent president.

The Chuvash presidential administration maintains that the demarche launched by the "Cheboksary First Action Committee" is nothing but revenge against Nikolay Fedorov for filing a recent protest with the Russian Constitutional Court against a new electoral law passed by the local parliament (State Council). It will be recalled that most Chuvash deputies were elected under a law requiring a 25-percent voter turnout for an election to be valid. In dozens of constituencies, the election did not take place because of the candidates' failure to gain the required voter turnout. Those who managed to be elected to the parliament tried to make the way there easier for their future colleagues by erasing any mention of a mandatory voter turnout from the law. Thus, in the course of the by-election that followed, deputies' mandates were issued to those who managed to win no more than 5 or 6 percent of the vote.

The Russian Constitutional Court upheld President Fedorov's claim that the "amendments" made by the deputies to the electoral law were unconstitutional. According to Mr. Fedorov's aides, the core of the "First Action Committee" is made up of deputies who have won their seats under the illegal amendments — "mostly communists, not sympathetic to the president, to put it mildly."

Nikolay Fedorov's team is confident that even if the referendum is held, local residents will hardly back the idea of removing the president from office "since he was elected not very long ago — in December 1993 — by a popular vote." At the same time, the president's supporters doubt that the "Cheboksary activists" will ever manage to collect the number of signatures required by the law to hold a referendum. As your SEGODNYA correspondent was told in Mr. Fedorov's office, no signatures had been officially submitted thus far, whereas the recent press statement by the "Cheboksary First Action Committee" was described as "a publicity stunt."

To accomplish their plans, however, the advocates of "indivisible power for the State Council" in the republic intend to make use of a method tried in the by-election. The deputies dismissed by the Constitutional Court have already demanded that their colleagues in the parliamentary quarters urgently change the republic's law on referendum so that a referendum can be considered valid with 25 percent of the voters participating, instead of the 50 percent required today.

Economic Issues

Government Orders Action on Unpaid Corporate Taxes

MM1209114195 Moscow ROSSIYSKAYA GAZETA in Russian 9 Sep 95 p 14

[Unattributed report: "Mutual Offsetting of Debts and Sanctions"]

[FBIS Translated Text] The Russian Federation Government operations commission for improving the payments and settlements system under the chairmanship of A. Chubays has discussed the results of a check of the status of settlements with the budget on the part of enterprises in breach of financial discipline.

It was noted at the session that late payments into the budget have reached 20.2 trillion rubles [R], and getting

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hold of these funds would make it possible to solve many social problems, first and foremost those linked with the payment of pensions and teachers' and doctors' wages and to ensure the funding of the defense order.

More than half the arrears (around R12 trillion) are the result of the current "70x30" settlement procedure, which allows a tax-liable enterprise to set aside for current settlements 30 percent of the funds coming into its current account. Essentially this means authorization to protect this sum from taxation. This is why the Ministries of Economics and Finance and the State Tax Service have to submit proposals for the phased abolition of this procedure. The specific features of sectors and regions are to be taken into account. The "70x30" settlement procedure is scheduled to be finally abolished by 1 January 1996.

The commission noted the need for the Federal Administration for Insolvency (Bankruptcy) Affairs [FUDN] to make more active use of the measures for which bankruptcy legislation makes provision. To this end tax bodies are obliged to inform the FUDN of instances of enterprises failing to pay taxes and other compulsory payments within three months of the due date. Debt owed to the budget by enterprises in which there is a state holding is to be regarded as sufficient grounds for invoking bankruptcy procedures involving the dismissal of the director.

The Ministry of Finance is to work out schemes for the mutual offsetting of budget debts to the Ministries of Fuel and Energy and Railways taking account of the defense and agro-industrial complexes' debts to these sectors.

Ministers were tasked on their personal responsibility with formulating and implementing a package of measures to halve the debt owed to the budget by 1 October 1996.

Federal Food Fund Far Short of Grain Requirement

MM1109110895 Moscow TRUD in Russian 8 Sep 95 p 1

[Yelena Berezneva: "Motherland's Corn Bins Feeling the Draft"]

[FBIS Translated Text] Only 740,000 tonnes of grain out of the scheduled 9.5 million tonnes have been purchased for the Federal Food Fund. A real threat of a grain shortage is hanging over the Russian Army, children's homes, and homes for the elderly, invalids, and the inhabitants of the Far North....

M. Abdulbasirov, chief of the Federal Food Corporation [FFC], has already stated that there is currently no money in the budget for grain purchases even within the country. Therefore the government has appealed to the leaders of commercial banks to offer credit for grain purchases against a guarantee from the Ministry of Finance.

Yesterday Sh. Tarayev, chief of the Administration for Grain and Grain Product Purchases and Supplies at the FFC, told us about meetings and talks which have been held with eight bankers. They are all promising to make an extra effort and help, but realistically speaking no one has loaned a single kopeck yet.

TRUD has already reported on the opinion of experts who are maintaining that the country will not survive on home-grown grain (the gross harvest is unlikely to exceed 65 million tonnes). Whether you like it or not, we will have to buy something in the region of 10 million tonnes of food grain abroad. But again there is no government decree on the organization of such purchases yet. Or money for imports.

Moscow, which is not counting on the federal food fund (which, incidentally, is committed to provide both the capital and St. Petersburg with grain), is today buying its own grain. But, as V. Anshba, first deputy chief of the "Moskhleboprodukt" firm, told us, so far only enough money has been found for 200,000 tonnes of grain out of the 1 million that the Muscovites need. Contracts have been concluded in Kuban and Stavropol. The capital has not received any budget allocations either, and the banks have only agreed to give out credits at pretty big interest rates. The situation is a deadlock....

Novosibirsk-German Business Cooperation Assessed

954F3386A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 4 Sep 95 p 2

[Interview with German businessman Arthur Boeme by VECHERNIY NOVOSIBIRSK correspondent Oleg Kostman; place and date not given: "If We Could Just Dispense With the Endless Approval-Getting: Western Businessman on Obstacles to Cooperation"]

[FBIS Translated Text] Arthur Boeme, a German entrepreneur and manager, has been vising Novosibirsk Oblast and neighboring regions of Siberia on a regular basis lately. The reason for his trips is this: One of the documents in the Russian-German agreement envisages Germany's obligation to help Russian enterprises bring their products to Western markets. Within the framework of this agreement, the German Ministry of Economics put Arthur Boeme in charge of these matters in Novosibirsk Oblast.

Our VECHERNIY NOVOSIBIRSK correspondent asked Mr. Boeme about his opinion of Novosibirsk

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products from the standpoint of their competitiveness in Western markets, and which products in particular he is working on bringing to European countries.

"My first step was to identify the enterprises and institutes," said Arthur Boeme, "that could be of interest to me from the angle of fulfilling the task the Ministry of Economics set for me. They turned out to number about 20. I visited each and familiarized myself with promising products.

"Among the items we selected are Elsib's [Siberian Electric Machinery Works] turbogenerators and electric motors; automotive electronics; instruments; NEVZ's [expansion unknown] liquid crystals; the metal spraying gun built by the Adhesion company jointly with the Institute of Hydrodynamics of the CO RAN [Siberian branch of the Russian Academy of Sciences]; an original wind-driven power unit designed by the NGTU [Novosibirsk State Technical University]; microelectronic modules—a joint production of the Silinel company and the CO RAN Institute for Semiconductor Physics; the equipment developed and manufactured by the Ropat company, intended for driving in piles, subway construction, well drilling, and so on; and compacting shaft-sinking technology, proposed by the CO RAN Mining Institute.

"With our assistance, all of this has already been exhibited in Hanover and elicited a lot of interest. Now we are continuing to work in the direction of signing actual contracts."

[Kostman] What is involved in this phase?

[Boeme] All companies, no matter from what country, have similar problems. "We would gladly buy the product," say their representatives, "but the manufacturer is so far away; we do not know anything about these companies' reputation and have no one to consult with...." Numerous other particular issues arise in the area of distribution and spare parts supply. Therefore, the next steps will be to develop an individual distribution and marketing concept for each company, and to look for concrete potential partners. This is huge, painstaking work. I will be lobbying the government to finance it because I am convinced of the huge potential of each of the products we selected in Novosibirsk.

[Kostman] That is, in your opinion they can compete as equals with similar products of well-known foreign companies?

[Boeme] Yes, I have a very high opinion of their level, the level of development work in Academic City institutes, and can only regret that German companies have so little contact with your scientists and specialists. Their collaboration could be very successful and promising.

[Kostman] In this case, why is there so little interest on the practical level?

[Boeme] Foreign companies would gladly set up production facilities here. They would find highly skilled workers and engineers, who would be quite happy with rather modest salaries compared to what they have to pay in Europe. They would have no problem with the supply of practically any raw material. That is, organizing enterprises in Russia, and in particular in Siberia, has a great many pluses. And only one minus—which, however, offsets all the pluses. I mean the inordinately long process of all obtaining sorts of approvals, permits, and so on. By the time you overcome all these barriers, you lose all interest. For Western entrepreneurs, the fact that Russian legislation lacks a framework favoring such collaboration is a tremendous obstacle. While in Europe such issues are decided by direct negotiations between interested companies, in Russia it requires endless knocking on doors of various administrative bodies, which, let me put it this way, more often are interested not in a successful conclusion of negotiations but in holding up decisions on the simplest matters.

For instance, if I want to build a factory in France, all I need to do is find a suitable vacant land lot, purchase it, and erect the needed facilities. The local authorities will be more than happy—before, this lot was not producing any income, and now I am paying taxes, manufacturing something, and creating jobs for the population.

If someone attempts to do a similar thing in Russia, he has to brace up for numerous visits to bureaucrats, most of whom believe that they are doing you a tremendous favor by simply doing what is their direct duty.

That is, if Russia really wants more active business cooperation with Western businessmen, its lawmakers should consider changing the way things are currently done, and as soon as possible. Especially keeping in mind that there are a lot of people among new Russian businessmen who themselves actively seek any opportunity to set up such collaboration. And the fact that I have met a lot of such people during my trips makes me optimistic that the time will come soon when normal business relations with Russian companies will become as routine and natural as they are among entrepreneurs from European countries.

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International Affairs

Israeli Prime Minister Arrives; To Visit Moscow

LD1209095195 Moscow ITAR-TASS World Service in Russian 0855 GMT 12 Sep 95

[By ITAR-TASS correspondent Mikhail Melnik]

[FBIS Translated Excerpt] Kiev, 12 Sep (ITAR-TASS) — Israel's Prime Minister Yitzhaq Rabin arrived on an official two-day visit in Ukraine today. Ukraine and Israel attach great importance to the visit, during which it is planned to sign a number of bilateral agreements concerning liberalization of commercial relations, cooperation in medicine and pharmacology, and other things. [passage omitted]

The Israeli prime minister is accompanied on the visit to Kiev by a large group of economists and businessmen who are to study the potential for investing in the Ukrainian economy.

ITAR-TASS learned that after Kiev Yitzhaq Rabin will visit Moscow. His visit to the Russian capital will be a private one. There are no plans to sign any official documents or to have any top-level meetings.

Cooperation Prospects With Lithuania Viewed

WS1109143195 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 5 Sep 95 p 2

[Report by Serhiy Nesterenko: "Lithuania Is Ready To Welcome Ukrainian Capital, if It Wants To Enter the Market."]

[FBIS Translated Text] The Ukrainian delegation, headed by Presidential Administration Head Dmytro Tabachnyk, was received with a particular warmth in Lithuania, which showed the great eagerness of the two parties to cooperate. This was also confirmed by the success of the negotiations. It is significant that the meeting of Dmytro Tabachnyk with the president of the Republic of Lithuania lasted almost an hour instead of the 20 minutes envisioned by the agenda protocol. The variety of meetings conducted by the Ukrainian delegation — negotiations with the prime minister, the minister of foreign affairs, the minister of transportation, head of the Committee for Nuclear Power Engineering, and with the mayor of Klaipeda — show the directions for potential cooperation.

What specifically could become the object of cooperation between our countries? The spectrum of mutual political and economic interests is extremely broad. In politics, this is primarily partnership in the sphere of integration with the European structures. In particular, Lithuania's support is very important for Ukraine's wish to enter the Council of Europe. As is known, the Republic of Lithuania managed to meet the standards required to enter this organization before us, and it is already a Council of Europe member. We have this process still ahead of us, and therefore, support from Vilnius and its experience are important to us.

Perhaps, the Lithuanian experience in reforming the economy has even greater significance for Ukraine. "Currently, we have begun the final phase of reforms implementation," Prime Minister Adolfas Slezevicius said in an interview for VSEUKRAINSKIYE VEDOMOSTI. "All unpopular measures have already been introduced. The complete liberation of prices has been conducted." Reaching the level of world prices primarily for energy resources, along with other actions, resulted in stabilization of Lithuanian currency — the lit. Inflation in June amounted only to 1 percent (fondest dream of the Ukrainian government), while in July it was 1.5 percent. Taking into account the forthcoming introduction of the hryvnya [Ukrainian currency] in the coming months if not days, the documents — handed by Mr. Slezevicius — on the process of the lit's stabilization, and on the development of the financial and banking system in Lithuania will be of great use for Ukraine. Incidentally, accumulation of hard currencies and gold by the National Bank of Lithuania continues: In June the gold reserve amounted to $550 million, while in August it is already $750 million.

Economic cooperation holds particularly good prospects for the two countries. At a request of VSEUKRAINSKIYE VEDOMOSTI special correspondent, Ukraine' Presidential Administration Head Dmytro Tabachnyk told us in detail about the economic cooperation.

"Priorities of economic cooperation include power engineering and the development of transportation infrastructure. Primarily, this refers to the Klaipeda seaport, one of the few onthe Baltic Sea that operate year round. We have discussed Ukraine's participation in the development of the port's infrastructure. Prime Minister Slezevicius assured us that there would no problems with providing Ukrainian enterprises with land, port facilities, terminals, as well as with creating joint ventures for both state-run and joint stock transportation companies. Lithuania is ready to welcome the arrival of Ukrainian capital. In addition, the Lithuanian government is going to invite Ukrainian enterprises to implement their programs on electric and intercity transportation on the basis of competitive bidding. They would like to invite primarily the Lvov bus factory and the 'Yuzhmash' factory, manufacturing trolley buses, to the competition. One more project open for Ukraine's participation involves the construction of a railway meeting European standards in Lithuania. The Republic of Lithuania would find profitable Ukraine's supply of

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rails and some mechanical engineering products. Yet another fact shows the interest of the Lithuanian government: It invited — at its own expense — experts from Ukraine's Ministries of Mechanical Engineering and Transportation to visit Lithuania in September in order to learn about investment possibilities. In addition, Lithuania's president has handed over an invitation to Leonid Kuchma to come to Lithuania on a high-level visit at any time, which would be convenient for the Ukrainian president."

As to nuclear power engineering, Ukraine and Lithuania have a lot of similar problems. The Ignalina nuclear power facility in Lithuania has reactor installations of the RBMK type, analogous to Chernobyl reactors. Therefore, in the words of Mr. Slezevicius, the West exerts pressure on Lithuania to close down the nuclear power plant. As is known, the same situation exists with Chernobyl. Therefore, the two countries are interested in cooperation in the sphere of ensuring the power plants' safety, solving the problem of burying nuclear waste, and other issues.

The prime minister of the Republic of Lithuania characterized the prospects of cooperation between our countries in a straightforward way: "Ukraine is one of the greatest European states with a large economic potential. Currently, our countries are experiencing difficulties, but we have to look to the future. Ukraine may become one of the basic economic partners of Lithuania. We have discussed the most important directions of our cooperation with Mr. Tabachnyk, and we do not have problems in our relations. Now, we have only to decide on concrete cooperation issues."

Moldovan Charge d'Affaire Denies Territorial Claims

AU1109165295 Kiev HOLOS UKRAYINY in Ukrainian 8 Sep 95 p 5

[Report by Anatoliy Martsynovskyy, including statement by Sergiu Stati, Moldovan temporary charge d'affaires in Ukraine; place and date not given: "Historians Do Not Find Moldovan Territory Large Enough" — first paragraph published in a box]

[FBIS Translated Text] Through INTERFAX channels, we received interesting information from Chisinau. A group of Moldovan historians published a statement in which they demand that the process of delimitation and demarcation of Moldovan-Ukrainian borders be halted.

"This is the civic position of historians," said historian Ion Siscanu, member of the [Moldovan] Republican Strike Committee of Teachers and Students, at a news conference. It is due to the circumstance that Moldova may lose for good those territories that were transferred to Ukraine by Stalin's will after 1940. We had a possibility to familiarize ourselves with all the documents, and we know for sure that Moldova had been deprived of its territories even contrary to the will of the republic's leadership at that time. If the present borders are legalized, this will also legalize the historic injustice as a result of which Moldova lost its lands and exit not only to the Black Sea, but also to the Danube.

The HOLOS UKRAYINY correspondent turned to Sergiu Stati, Moldovan temporary charge d'affaires in Ukraine, with a request for comment on this information.

[Stati] The right to free expression of opinion by citizens and by political and public associations is a democratic foundation of statehood of both Ukraine and the Moldovan Republic.

I believe that on such a delicate issue as the delimitation and demarcation of borders, such statements will not be in short supply. In this case, one needs to heed the official point of view of the Moldovan Republic's leadership, which has firmly pledged the absence of territorial claims upon Ukraine.

The Moldovan Republic has confirmed this by joining international accords that recognize the inviolability of existing European borders. The appointment of Mr. Aurelian Danila, first deputy foreign minister of the Moldovan Republic, as head of the Moldovan delegation at the negotiations on border issues proves Moldovan openness regarding this.

[Martsynovsky] One may add to Mr. Stati's words that the Agreement on Friendship and Cooperation Between Ukraine and Moldova was signed as far back as in October 1992, but this document has not yet been ratified by the Ukrainian side. During his recent visit to Chisinau, Ukraine's Prime Minister Yevhen Marchuk stated that the agreement will be ratified in the near future.

Kuchma Signs Agreement With St. Petersburg Mayor

LD1209093095 Kiev UNIAN in Ukrainian 0810 GMT 12 Sep 95

[FBIS Translated Text] Kiev — At a meeting with St. Petersburg Mayor Anatoliy Sobchak, Ukrainian President Leonid Kuchma reported that Ukrainian Prime Minister Yevhen Marchuk signed a framework agreement on trade and economic cooperation between Ukraine and St. Petersburg today. The documents signed include an agreement on grain supplies.

The Ukrainian president touched on the state of Ukrainian-Russian relations, noting that the Black Sea

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Fleet issue remains one of the main problems, and that he does not understand why Ukraine gets all the blame for this problem not being resolved. Leonid Kuchma noted that the problem can only be resolved at the level of the presidents of Ukraine and Russia.

Anatoliy Sobchak is convinced that the Black Sea Fleet is a fleet of the former Soviet Union, and when resolving this problem, "one should proceed from the fact that it should belong to all of the former USSR republics."

The St. Petersburg mayor told Leonid Kuchma that the date for the Days of Ukraine in St. Petersburg, to which he invited the Ukrainian president, would be determined in the near future. According to Anatoliy Sobchak, a memorial to [Ukrainian poet] Taras Shevchenko by Lev Mol, a Canadian sculptor of Ukrainian descent, is to be erected in the city.

Leonid Kuchma expressed his certainty that "the St. Petersburg authorities will help smooth out the differences between Kiev and Moscow."

Russian, Ukrainian Border Regions Discuss Cooperation

LD1109214295 Kiev UNIAN in Ukrainian 1745 GMT 11 Sep 95

[FBIS Translated Text] Kharkov — A working meeting between representatives of Ukrainian and Russian border regions was held today. It discussed improvements to the system of mutual relations between border regions of both states, the creation of a single information arena for border regions, guaranteeing favorable conditions for mutual investments, and the normal functioning of enterprises and organizations that are in operation and those that will be set up and that are owned by the other side. They also discussed the issue of developing cooperation in the area of tourism and setting up a joint newspaper called SLAVYANKA.

In an interview with UNIAN, Tamara Kuznetsova, the chair of the international Department at the Kharkov Regional State Administration and the chair of the Council of Leaders of Ukrainian and Russian Border Regions, said that it was decided to submit these issues for the council's consideration at a meeting that tentatively will take place on 6 October in Chernigov.

Kiev Wants Russia To Pay More for Gas Transit

WS1109113895 Kiev INTELNEWS in English 0158 GMT 11 Sep 95

[Report by Olah Burda]

[FBIS Transcribed Text] Ukraine wants Russia to pay more for its natural gas shipments to Europe through Ukrainian territory, according to government officials.

Russia now pays US$ 0.55 for transit of 1,000 cubic meters of gas per one kilometer through Ukraine's territory but Ukraine wants the figure to increase to US$ 1.6, according to Yevhen Dovzhok, state Oil, Gas and Oil-Processing Industries Committee chairman.

"Besides that, Russia alone must pay for the gas that will keep transit machines operating," Dovzhok said, adding that the total price would soar to US$ 1.75 for 1,000 cubic meters.

Ukraine plans to sign three separate treaties covering purchasing, transit and storage of natural gas.

"These talks will be very difficult but we must go for it and put everything in its place," Dovzhok added.

MPs Disagree With Russian Position on Yugoslavia

LD1109174795 Moscow INTERFAX in English 1432 GMT 11 Sep 95

[FBIS Transcribed Text] Kiev, Sept 11 (INTERFAX-UKRAINE) — Ukrainian MPs are far from unanimous on the Russian State Duma's proposal that the parliaments of Russia, Ukraine and Belarus hold a joint session to debate the Yugoslav situation.

The Russian lower house also declared its intention to hold consultations with a view to working out a joint position with Ukraine, Belarus and other CIS member nations and Balkan countries on this subject.

Aleksander Lavrinovich, one of the leaders of the Popular Rukh, rejected this initiative outright. He explained that views on the Bosnian crisis could be reconciled through usual channels such as the Council of Europe and the OSCE [Organization for Security and Cooperation in Europe] in which Ukraine is involved anyway. Lavrinovich also believes that any issue of this kind could be handled through bilateral talks.

Yevgeniy Marmazov, Communist, member of the Foreign Affairs and CIS Links Committee, believes that the State Duma has offered a challenging idea but does not see how this could materialize.

"Ukraine must back the brotherhood of Slavic peoples," said Natalya Vitrenko, Socialist. In her words, such a joint session could be "essentially useful."

National Affairs

Moroz Against Holding Referendum on Constitution

LD1109215995 Kiev Radio Ukraine World Service in Ukrainian 1800 GMT 11 Sep 95

[FBIS Translated Text] Ukrainian Supreme Council Chairman Oleksandr Moroz is against the idea of

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holding a referendum on the issue of adopting a new Constitution for the country. The citizens of Ukraine are not yet ready to decide such issues through a vote, he said on today in a speech to the chairmen of local councils at the State Administration Academy in Kiev. At the same time, he considered that it was necessary to publish the draft Constitution in the newspapers.

Oleksandr Moroz expressed the view that the initiative of certain parties to start collecting signatures on holding a referendum on the issue of adopting the Constitution was not the best step because it could only aggravate the situation in society.

Kuchma Aide Outlines Regional Policy Concept

WS1109130695 Kiev KYYIVSKA PRAVDA in Ukrainian 7 Sep 95 pp 1,2

["Exclusive" interview with Volodymyr Hrynyov, regional policy adviser to the Ukrainian president, by H. Pyvovarov; place and date not given: "To Give the Regions Incentives for Their Own Economic Development" — first paragraph is KYYIVSKA PRAVDA introduction]

[FBIS Translated Text] **V.B. Hrynyov, Ukrainian presidential adviser for regional issues, believes that the primary regional policy task is to give the regions incentives for their own economic development. He explained how to do this in an exclusive interview with KYYIVSKA PRAVDA.**

[Pyvovarov] The Constitutional Agreement put an end to a bitter confrontation between the executive and legislative authorities, between the president and parliament. As a result, our state leader finally received full power, and began to build a vertical executive line. Are we not returning to the same structure we already saw during [former Ukrainian President] Kravchuk's term of office?

[Hrynyov] I would like to make something clear. The building of a power structure is just beginning, and the issue of the functioning of the vertical line of power is just being put on the agenda. Time will show whether it will be efficient, and how the mechanisms of cooperation between the president and the Cabinet of Ministers and regional administration heads will work.

One must not forget, however, that "the rules of the game" have fundamentally changed. The president now has the full right to oversee, alter, and revise, if needed, decisions by local legislative bodies — the councils. According to the Constitutional Agreement and its core — the Law on Power — the functions of oblast councils also changed. They ceased to exist as self- government bodies. They now have a different "assortment" of functions: They are consultative-advisory bodies with very limited supervisoryg functions concerning, for example, budgetary issues.

Moreover, the Law on Power initially envisioned dissolution of the councils. They survived as an island of the old power structure, because it is currently hard and painful to dissolve them, since this affects the fate of many people. Nevertheless, the councils no longer have many of their former prerogatives, cannot issue resolutions or decide on personnel policy, etc. As you see, their rights are very limited. I understand that somebody may not like it, but this is the current reality sealed by the Constitutional Agreement.

The same as the council, its chairman, too, now has different functions. These are no longer the same responsibilities and rights he received with his appointment. The status and functions of this administrative unit are completely different.

I would like everybody to understand this.

[Pyvovarov] Volodymyr Borysovych, a strange situation is developing. The president automatically appointed all oblast and rayon council chairmen as state administration heads. Additionally, since it is known that he is not satisfied with all of them, one should thus expect personnel changes soon. It appears that the president's decisions contradict the will of the people, who elected the council chairmen.

[Hrynyov] The Constitutional Agreement created a completely new logic of interaction between the legislative and executive branches of power in the regions. I have already said that a completely different type of vertical line of power was created. Nobody envies the office of council chairman. Even if the president dismisses someone from the office of administration head, that person remains council chairman. I would like to emphasize, however, that his functions are completely different from the previous ones; they are very limited.

[Pyvovarov] Are you not afraid that conflicts will develope in this regard?

[Hrynyov] We do not expect severe contradictions. Certain inconsistencies, to put it this way, may occur if an administration head is not council chairman at the same time. The rights of administrations are currently so more significant and ample than those of councils that I think there will be no conflict if everybody understands this.

[Pyvovarov] Volodymyr Borysovych, you have long been advocating regional independence. What is the point of this independence?

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[Hrynyov] The main component of regional independence is economic independence. Certain preconditions, primarily serious and profound financial-budget reform in general, and taxation reform in particular, are needed so that it becomes tangible.

[Pyvovarov] What do you have in mind?

[Hrynyov] According to the Law on Power, we are currently establishing a three-level system of administration: There is the central authority, regional administrations, and local self- government. According to this "hierarchy," we should build a three-channel system of taxes with clearly defined norms stipulating payments to the budgets of all three levels of power.

This requires reconstruction of our entire budget policy. Until serious steps are made in this direction, one will not be able to speak about the regions' efficient economic independence.

I think that the goal of economic independence is to give the regions incentives for their own economic development and draw their attention to this issue, to encourage the growth of their economic potential in this way. This is why the taxation policy must be reconstructed. In my opinion, the bulk of collected taxes should remain in the regions. To put it another way, we must overturn the taxation pyramid to place its foundation not in the center, but in the regions.

[Pyvovarov] What percent of taxes should remain in the regions?

[Hrynyov] At least 60 percent. World experience shows that the regions receive from 60 to 70 percent of taxes in civilized countries.

[Pyvovarov] So who will bear the burden of social, cultural, and educational expenditures then?

[Hrynyov] It should certainly be transferred to the regions. It is currently very hard to resolve this issue. Nevertheless, it must be resolved, because it is an erroneous policy that we currently concentrate everything in the state budget — both taxes and expenditures. We thus transform the budget into a mechanism of redistribution: we first collect revenues in the oblasts, and then return them the same money. This is a mill working in vain. We should strictly define the functions of the budget at all levels of administration: We should concentrate money for nationwide programs, defense, and ensuring operations of state institutions in the center, and transfer the rest to the regions.

[Pyvovarov] Do you see the regions' economic independence along with their foreign economic independence?

[Hrynyov] Certainly. I think the bulk of foreign economic activities should also be transferred to the regions, after leaving a quite narrow area of strategic trade in the center. People do not understand this so far. As before, we would like to see foreign trade monopolized by the state.

[Pyvovarov] Will economic and foreign economic independence be enough for the real independence of the regions?

[Hrynyov] No. This is merely the first step toward it. A certain political independence should become another step. You certainly understand that currently one cannot but be aware of the simple fact that if we speak about economic independence, it inevitably entails political independence. There is a great deal of nuance in this regard. There is a common state policy — diplomatic, defense, monetary, customs, and other policies — and there is a group of political issues that can be resolved in the regions.

[Pyvovarov] What exactly?

[Hrynyov] I will at least name the most acute problem, in my opinion, that of the official language. Why other regions cannot resolve it independently, as Crimea did, on the territory of which three languages are recognized as official. According to the specific features of the regions, they could resolve cultural, ethnic, and educational problems.

[Pyvovarov] You are talking about economic, foreign economic, and even political independence. The regions are different, however: There is the powerful Donbas and industrial Dnepropetrovsk region, and there are also such small agricultural oblasts as Zhytomyr, Volyn, or Transcarpathia. And all of them would receive identical independence. The question is whether economic independence will require a certain administrative division of our country?

[Hrynyov] I would put this question in the following way: Do I believe that the current administrative division of Ukraine is perfect? No, I do not think so. In my opinion, we should gradually conduct administrative reform.

The outline of this reform can already be seen in certain documents that are currently being drafted by the Cabinet of Ministers and the Presidential Administration. For example, nine large economic regions are currently defined in Ukraine. Of course, a small oblast cannot have the large economic potential and possibilities of economic development as the big oblasts do. We should embark on the process of regionalization, namely because there is an economic necessity to do so. This economic necessity must evolve into administrative necessity.

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As you know, habits play a great role here. We have become accustomed to the fact that we have oblasts. Let us recall, however, that there were provinces in czarist Russia, and they were much larger than our oblasts. Ukrainian provinces included even the adjacent Russian territories. Everybody knows this. I think that we should not stick to our current administrative system.

It would be incorrect, however, to concentrate on economics alone. An administrative division is a complex issue. It includes traditions, customs, and ethnic features. An administrative unit "wears" not only economic, but also cultural and ethnic "suits." Slobozhanshchyna [Kharkov region], for example, in addition to the fact that it is a machine-building region, also has its own characteristic ethnic features, just as the mining-metallurgical Donbas has its own.

As I already said at the beginning of our conversation, we are just embarking on the path toward the practical implementation of a fundamentally important task — the regions' independence. And even though this path will be difficult, we are obliged to go through it.

Kuchma Team Accused of 'Waging Reprisal'

AU1109165595 Kiev HOLOS UKRAYINY in Ukrainian 8 Sep 95 p 1

[Unattributed report published under the rubric "Sensation": "Zvyahilskyy Has Made Himself Heard and Promises To Return...."]

[FBIS Translated Text] A few days ago, at the request of its client Yukhym Zvyahilskyy, the Kiev juridical firm "Zlahoda" [Harmony] sent, along with its conclusions, an appeal by the former prime minister to the Supreme Council. In his appeal, Yu. Zvyahilskyy denies the charges against him, stating, among other things, that the sale of aviation fuel abroad was to Ukraine's benefit and that the serial number alleged to be the number of his Israeli passport is only the number of the identity document authorizing his residence in Israel, and so on. Yukhym Leonidovych believes that a reprisal is being waged against him at the "instruction and under the pressure of the present president and his team who dislike me personally."

He considers Ukraine's Procurator General [Vladyslav Datsyuk] to be the "main forger of the Zvyahilskyy case."

In his opinion, in this situation, it is only a special Supreme Council commission that may objectively assess all the circumstances and to which he is ready to submit all documents. He insists on the creation of such a commission. He associates his very prompt return with its work.

Members of the Supreme Council Presidium are presently studying the letter and intend to respond to it.

Sevastopol Authorities Hounding 'Russian Community'

MM1109140995 Moscow PRAVDA in Russian 9 Sep 95 p 2

[Report by Nikolay Musiyenko: "Storm Clouds Over Russian Community"]

[FBIS Translated Text] Sevastopol — According to information at our disposal, the Sevastopol Internal Affairs Administration, the City Prosecutor's Office, and the courts have received instructions to take reprisals against the Russian Community — one of the most prestigious public organizations in the hero-city. A criminal case was immediately fabricated to accuse Raisa Telyatnikova, the permanent leader of the Community, of activity allegedly aimed at violating Ukraine's territorial integrity.

Konstantin Zatulin has protested the prosecution of the leader of Sevastopol's Russian Community on behalf of the Committee for CIS Affairs and Relations with Fellow Countrymen. His statement, which has been sent to the Russian Foreign Ministry, the Ukrainian Supreme Council, and the Ukrainian Embassy in Moscow, says that instead of combating dissidence, Ukrainian law enforcement organs in Crimea should finally investigate the Mafia, which has turned the entire peninsula into its tributary.

Article Views Supreme Council Voting

WS1109143395 Kiev KIYEVSKIYE VEDOMOSTI in Russian 7 Sep 95 p 3

[Article by Dmytro Dzhanhirov: "It Is Enough for the Executive Branch To Be Diplomatic, and It Will Get the Lawmaker's Support"]

[FBIS Translated Text]

The Problem of the Situational Majority

In the 16 months that have passed since the opening of its first session, the quality of the current Ukrainian Supreme Council membership was subject to serious changes, primarily due to the erosion of the formerly monolithic deputy groups and factions and the perceptible decrease in party (or faction) discipline.

In fact, there are two large deputy groups that are distinguished both for the consistency of their actions and their unity during voting: the "left-wingers," comprising communists and some socialists and agrarians ideologically close to them, and the "right-wingers," uniting in

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their ranks nationalists and national-democrats from the "Rukh," "Statehood," and "Reforms" factions, as well as some of the nationalist- oriented nomenklatura from the "Center" faction. The total number of members of both informal groups of deputies hovers around 120, which is far less than the Supreme Council absolute majority, amounting to 203 deputies.

Among lawmakers belonging to neither the "left-wingers" nor the "right-wingers" (there are some 160-170 deputies of this type), there are also, undoubtedly, interest groups such as the coal and industry lobby, the Dnepropetrovsk and Donbass regional lobby, the pro-Russian intelligentsia group, and so on. These informal groups often act not only independently of, but also contrary to decisions by the individual factions to which these deputies formally belong. But in general this entire portion of the deputy corps behaves like a typical parliamentary "bog," now joining the "left-wingers," and now the "right-wingers," now looking back at the president and now at the prime minister. (Of course, the deputies we refer to as the "bog" prefer to call themselves centrists or pragmatists.)

Such a situation often leads to amusing collisions, when, depending on the result of one vote or another, either the "right-wingers" state their opposition to the policy of the "leftist majority," or the "left-wingers" become opposed to the course foisted on them by the "right-wing majority." In reality, the majority in the current legislature is of a situational nature and primarily depends on whose side the "legislative bog" takes.

One of the most striking examples of a parliamentary majority of this ilk appearing is the results of the following votes during the last session: The propresidential majority comprising the "right-wingers" and the "bog" voted for the Constitutional Accord, while the pro-CIS majority comprising the "left-wingers" and the "bog" voted for the law on financial-industrial groups [FPG].

This being the case, an important thing should be stressed: The second majority group was also, in fact, pro-presidential, because it was Leonid Kuchma who was the initiator of establishing FPG, obviously, in the first instance, with Russia. An interesting conclusion inevitably comes to mind: Given the current Supreme Council distribution of political forces, the executive branch, by using a certain amount of diplomacy and self-restraint, can practically always win the required support of the legislative branch, because a simply situational majority will change its qualitative membership depending on the issue discussed.

"Marchuk's Recipe for Success"

Undoubtedly, the adoption of a new Cabinet of Ministers program, which will be presented by Prime Minister Yevhen Marchuk, must become the most important issue on the agenda of the Supreme Council session. It is clear that Yevhen Kyrylovych does not need a situational, but an overwhelming majority of deputies to approve his plan for "the salvation of the Fatherland," because it is an unaffordable luxury in the current economic and political situation to have an organized opposition at the very beginning of the implementation of a new program.

Is this realistic? One can say "yes" with absolute confidence right now. Yevhen Marchuk outlined his vision of the current situation and its immediate prospects at an evening session on one of the last days of the previous Supreme Council. His short improvisation became a triumph of Marchuk the politician and can be seen as a rehearsal for submitting the Cabinet of Ministers program to the Supreme Council for consideration. Yevhen Kyrylovych spoke about economic cooperation with Russia and about conquering Russian markets, but in such a way that not even the most ardent patriots had a shadow of doubt about his patriotism. He spoke about the national and spiritual revival, but in such a way that even the most consistent Russophiles could not turn their tongues to call the prime minister a nationalist. He spoke about the need to strengthen the executive hierarchy, but in such a way as not to pour salt onto the wounds of the ardent opponents of the legally dubious Constitutional Accord. He spoke about his intentions to closely cooperate with lawmakers, but in such a way as not to tease ardent supporters of the full centralization of power in the hands of the president. The entire Supreme Council applauded the prime minister after his speech....

Already today one can forecast the "recipe for the success" of Marchuk's future program: the preservation of the general direction of reform along with the departure from tough, "Pynzenyk-type" monetarism and the paying of greater attention to the social sector. So it is quite possible that Marchuk's program will be approved more unanimously than the presidential program last year and this will provide Yevhen Kyrylovych with an additional degree of stability in his relations with Leonid Kuchma.

If Marchuk's Cabinet of Ministers secures the support of lawmakers, it will launch an effort to lead the Ukrainian economy between the rock of IMF demands and the hard place comprising the appetites of the country's enterprise directors.

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Nationalists on Hunger Strike Over Party Ban

LD1109133095 Kiev UNIAN in Ukrainian 1235 GMT 11 Sep 95

[FBIS Translated Text] Kiev. — On 11 September representatives of the Ukrainian National Assembly went on hunger strike in front of the building of the Ukrainian president's administration in protest against the deregistration of their party by the Ministry of Justice of Ukraine. They are also demanding that the rise in prices for housing and communal services be cancelled and those guilty of the events that took place in Sofiyivska Square on 18 July be punished.

A UNIAN correspondent has reported that eight members of [Ukrainian National Assembly-Ukrainian National Self-Defense [UNA- UNSD] including two people's deputies - Oleh Vitovych and Yuriy Tyma, and six deputies to city councils - two from Lvov and the rest from Kiev, Chernovtsy, Mogilev-Podolskiy and Vinnitsa, went on hunger strike. "If they use force against us, we shall be able to counteract it," Tyma told UNIAN. He said the main force of UNA-UNSD is "the solidarity of its supporters".

Tyma said that a group of hunger strikers from various regions of Ukraine would soon join them.

Moroz Criticizes Government's Management of Economy

WS1209090695 Kiev INTELNEWS in English 0027 GMT 12 Sep 95

[By Serhiy Rakhmanin, "Special to IntelNews"]

[FBIS Transcribed Text] Kiev, Sept. 11 — Parliament Speaker Oleksandr Moroz on Monday [11 September] questioned the need for Ukraine's government because it "does not fulfill its main function, namely managing the economy."

Moroz made the comments at a meeting local rada [council] chairmen in the Ukrainian Academy of State Management.

The government's draft economic program is "imperfect" and requires changes before Parliament will pass the plan, Moroz said.

"The governmental draft program submitted for parliamentary examination differs in nothing from those that have been available for the last five years," Moroz said.

This means, according to Moroz, that the government once again has made no proposals for overcoming the current economic crisis.

Moroz said the government's program has declared, not without the influence of international financial organizations, "the de- industrialization" of the Ukrainian economy.

To overcome the economic crisis, Moroz said, the program "should recognize that, if inflation and [monetary] emissions promote creation of new jobs, production and a rise in gross domestic product, one should agree to it."

Moroz said that if Ukraine wishes to preserve high-tech sectors of the national economy, particularly those involved in the military-industrial complex, these industries require "100 percent state support."

Moroz touched on other matters than the economy at the meeting. In reference to the constitutional agreement between President Leonid Kuchma and Parliament, Moroz said that it was a forced compromise, and the agreement itself contains a lot of functional contradictions in relations between the Parliament and the president and also between the presidential administration and the government.

According to Moroz, the regulations on state administrations signed by presidential administration chief Dmytro Tabachnyk in August violated the terms and conditions of the agreement, according to which the president has the right of legislative initiative only on economic matters. Therefore, Moroz said, the Parliament will soon examine these regulations.

A way out of this legal collision, Moroz said, is to either pass a temporary law on local radas or to amend the current law on radas.

Moroz said that, while the president, Parliament and government are all trying to legislate simultaneously, "there will be no point in Ukraine." [as received]

Regarding constitutional issues, Moroz said, "The Constitution cannot be adopted by a referendum since the Ukrainian people has not been prepared for it."

However, he added, to reject the idea of a referendum as a means to develop a new constitution is also useless. Moroz said that ultimately, Ukraine's citizens must define, through referendum, the nation's constitutional norms establishing a form of state administration for input into a draft constitution.

Socialists To Propose Alternative Economic Program

WS1109114295 Kiev INTELNEWS in English 0121 GMT 11 Sep 95

[FBIS Transcribed Text] Kiev, Sept 9 — The Socialist Party faction will announce its own program for economic development as an alternative to the government's program, Natalia Vitrenko, Socialist and member

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of Parliament's Economic Policy and National Economy Management Committee, said late last week.

This decision, Vitrenko said, is prompted by the fact that the program worked out by the government and discussed in the Cabinet of Ministers on Thursday [7 September] did not take into consideration the remarks of experts.

"The state does not want to regulate the economy," Vitrenko said. "It does not restore the accounting system and does not include the measures on rebuilding the economy and agriculture."

Kiev Not To Blame for Trouble With Chilean Satellite

LD1109213895 Moscow INTERFAX in English 1930 GMT 11 Sep 95

[FBIS Transcribed Text] Kiev, Sept 11 (INTERFAX-UKRAINE) — Major General Valeriy Litvinov, chief of the rocketry and space weapon department in the Ukrainian Defense Ministry, said at a briefing in Kiev Monday [11 September] that "Ukraine is not to blame for the trouble with the Chilean satellite."

Sich-1, a Ukrainian satellite, was launched in Plesetsk, Russia, on August 30 jointly with a Chilean satellite which failed to separate from the Ukrainian one.

Litvinov explained that the Chilean satellite, in particular its separation system, was made in Britain on a Chilean Air Force contract.

He said that Chilean engineers prepared their satellite for the launch and were present during the launch.

Sich-1 is the last satellite in the Ocean series. It covers an area of about 2,000 square kilometers and has a resolving power of 400 meters. Its warranty is six months but such satellites stay in orbit 18 to 24 months, Litvinov said.

According to him, the Ukrainian Defense Ministry is not the user of information picked up by the satellite.

Economic Issues

Ministries Seek To Raise EU Quota for Metal Products

WS1209085995 Kiev UKRINFORM in English 0726 GMT 12 Sep 95

[From the "Business News Weekly" feature No. 36, 4-10 Sep 95]

[FBIS Transcribed Text] Officers with the Ukrainian Ministry of Industry and Ministry for Foreign Economic Relations and Trade are reportedly drafting documentation to be submitted to the European Commission in a bid to increase Ukraine's EU quota from 54,500 tonnes to 70,931 tonnes of thick sheet metal. The move is said to be a forced one, since Ukrainian metallurgical works cannot meet their flat rolled metal export commitments (10,642 tonnes), of those involving rails (5,738 tonnes).

The Mariupol-based "Azovstal" ("Azov Steel") works can increase exports of thick sheet metal with the Zaporizhzhye-based "Zaporizhstal" and the "Ilyich" works in Mariupol reportedly ready to boost their exports of cold-rolled sheet metal and metal in rolls, the quota for which equals 35,380 tonnes. In view of the "Dzerzhynskyy" works' financial difficulties, Ukraine's quota for calibrated steel remains an unattainable target. However, this may entitle Ukraine to an increased rolled metal quota.

European companies, in particular, Germany's Krohm Stahl, have displayed an increased interest in this type of metal production. Germany's Kloekcner and the U.S.-based Dent Steel, ASM and AST are the major re-exporters of thick steel metal made by "Azovstal". The "Ilyich" works exports its metal products though the "Inkommetall" firm, its affiliate.

Economics Minister Evaluates State of Economy

WS1109121795 Kiev INTELNEWS in English 0121 GMT 11 Sep 95

[Interview with Economics Minister Vasyl Hureyev by unindentified INTELNEWS "Economic Review" correspondent; date and place not given; first three paragraphs are INTELNEWS introduction]

[FBIS Transcribed Text] To Vasyl Hureyev, the bright side of Ukraine's economy in 1995 expresses itself in small victories: Major macro indicators and industrial production are crashing at a slower rate than before and inflation is under control, except for August's whiplash 20 percent devaluation of the karbonvanets.

Hureyev also said the economy bears the weight of Ukraine's flagging privatization program. He blames the under-achievement of the state to sell off industries for allowing unprofitable businesses to linger on.

Moving from the macroeconomic picture to the stabilization of individual branches of the economy is part of the long haul out of Ukraine's doldrums, according to Hureyev.

[ECONOMIC REVIEW] There are two major groups of economists in the executive power: reformer-macroeconomists and those concerned with industry. The groups have somewhat different approaches to reforms in Ukraine. To which group do you think you belong?

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[Hureyev] I've been working for industry most of my life. I worked at the AzovStal (Azov Steel) plant in Mariupol. Then I served in the army and later worked for KievPrylad (Kiev Appliances) industrial association where in 15 years I went from foreman and workshop economist to deputy director general.

So, I do not consider myself a scientist but more of a practical economist and I am not going to hide it. After KievPrylad, I worked for the Ministry of Machine Building in the period when conversion of the defense industry started and the Ministry of Machine Building, Military Industrial Complex and Conversion was being formed.

For more than two years, I've been working for the Economics Ministry. It is obvious that as a practical specialist I know the particulars of reforms on the micro level better. But certainly, any macroeconomic event affects industry. Making a decision on the macro level, we change the industrial policy as well. To my mind, it is better not to divide the reforms into purely macro and micro directions.

The reforms course has been announced by the president and approved by Parliament. Our main task is to implement these decisions.

We have done a lot on the macro level but still there is some gap in restructuring of industrial production. But this doesn't mean that we have to forget everything done to date or to alter the course. We have to continue in our course but try to speed up all the processes that remain behind.

[ECONOMIC REVIEW] There was an announcement on economic reforms course correction. What is your opinion on the first stage of reforms?

[Hureyev] Due to introduction of macroeconomic stabilization, starting in early 1995 some indicators of economic improvement have shown up. Now we can talk about a slower decline of major macro indicator rates and industrial production. The gross national product from January to May declined by 10.7 percent and industrial production in the first half declined by 13.6 percent.

The inflation level is under control. The inflation index in July comprised 105.2 percent (in January, 121.2 percent; February 110.1 percent; March 114.4 percent; April 105.8 percent; May 104.6 percent).

Still, in August the karbonvanets' stability destabilized. Pricing liberalization is close to complete. Interest rates for bank credits declined and directed part of credit investments into industry.

But the stabilization processes, which started in the first quarter, is unsteady. In second quarter, the economic situation again got worse as the industrial decline in April, May and June comprised 7.5, 1 and 1.5 percent, respectively, which worsened the state of the economy.

Despite the positive changes in the economy, the negative factors are still active.

The mutual debts and non-payments grow. Accounts payable of Ukraine to the CIS and Baltic countries grow. 96.5 percent of those are debts to Russia and Turkmenistan. But the positive fact that accounts payable to Turkmenistan declines should be noted. Production effectiveness goes on declining, which relatively decreases budget receipts. The overall budget revenues are lower than planned.

The investment activity declines and basically no measures for economy restructuring are taken.

It's sad that a low privatization rate will not significantly broaden market space this year and strengthen competition on consumer markets. We still lack the mechanism for bankruptcy and the number of inefficient enterprises grows.

A significant part of the economy is still in the shadow sector — there are no means for statistic investigation of it and there is no appropriate action from taxation service towards it.

The only possible condition for overcoming the crisis is reforms acceleration and the success of the latter is defined by a coherent and coordinated complex of measures taken and, especially important, citizens' understanding of the reforms' essence.

Analysis of the economic situation in Ukraine shows that in order to stop ruination of the economy and to create a principally new system of relationships, it is necessary to introduce some significant changes to the strategy and tactics of the economic policy, acceleration of economic reforms, provision of their control and unity.

In his report "On major theses of economic and social policy" of October 1994 and his address to Parliament in April 1995 the president defined strategic aims and logic of further economy reformation, which provides balance for activities of all branches of the executive body.

Signing the Constitutional Agreement forms new conditions for economic development, providing the executive body to solve complicated and responsible tasks of economic policy based on reaching political stability in society.

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We have to move, shift the major accent of economic policy from a macroeconomic level to stabilization of the basic branches of the industrial process.

[ECONOMIC REVIEW] Your immediate head, former-Economics Minister Roman Shpek, again became your principal as deputy prime minister for economics. Does it effect your relationships?

[Hureyev] See, I'm less worried about my relationships with deputy prime ministers — although they are excellent — and more with organizing work of the staff of the ministry. It is a big, experienced group and it necessary to retain it and direct its efforts towards the most urgent needs of our economy.

[ECONOMIC REVIEW] It is obvious that any person getting a new, higher appointment plans changes, improvements and defines priorities. Which priorities do you choose as economics minister?

[Hureyev] I would like us, within my period of work at this position, to be able to form economic relationships, which will stop the decline, solve social problems — in particular — work re- numeration and employment. Re-structuring industrial production would be desirable to allow it work in market conditions. Solution of these problems on the enterprise level will allow further steps in economic reforms.

[ECONOMIC REVIEW] In the Economics Ministry you supervised the fuels and power production complex. Will the energy branch benefit from its supervisor becoming a minister?

[Hureyev] The energy branch will mostly benefit from possible approval of the state program for fuels and power production complex development up to 2010. This problem has been discussed in Parliament. The important issue is for us to be able to implement the correct energy conservation program on the national level. And this supposes a set of measures, starting from a tariff policy on fuels and a mechanism of payment for them before re-equipping industry for decreased energy consumption.

[ECONOMIC REVIEW] What do you mean saying "control over the economy?" Do you put an equal sign between it and administrative regulation?

[Hureyev] Today, due to slowness in the privatization process, the state economy overwhelms all other sectors. This allows both efficient and non-profitable enterprises to exist. But there is no longer a possibility of supporting enterprises from the budget. Acceleration of the privatization processes will allow creation of a new market media. Our task is to provide economic conditions, which will need nearly no administrative meddling.

[ECONOMIC REVIEW] And finally, how do you see future of the Ukrainian economy?

[Hureyev] I see Ukraine as a country with developed industry and agriculture as we have great potential.

New Minister Hopeful About Industry Prospects

AU1109115695 Kiev URYADOVYY KURYER in Ukrainian 5 Sep 95 p 3

[Interview with Valeriy Ivanovych Malyev, minister of machine building, military-industrial complex, and conversion, by Yuliya Byelova; place and date not given: "Our Top Priority Is To Maintain High Technologies"]

[FBIS Translated Text] [Byelova] Valeriy Ivanovych, what priorities do you, a practical specialist with your own views of problems in the branch, set yourself in the capacity of minister?

[Malyev] The main priority is to maintain high technologies in Ukraine. As is known, they are mainly confined to the defense industry. Our competitors will propose that we develop ecologically polluting production that involves large manual labor expenditure in precisely this sphere. I would very much like a normative-legal foundation to start functioning at Ukrainian enterprises as soon as possible. The disorder and lack of system prevailing in the normative-legal documents do not make it possible to focus on the main issues.

What we need very badly today is to probe the market very deeply, search for financially sound consumers, and adapt the nomenclature of products to the demand. At the present pace of inflation combined with violations of all proportions of price formation, state control over unjustified rise of prices of energy and raw materials resources is essential. Here, I do not mean violations in the market approach toward price formation, but the need for the state to veto precisely those attempts to set prices that violate all price proportions, lest this should make end products uncompetitive.

It is also important to find the right mechanism for state management of branch enterprises with all forms of ownership. More specifically, branch ministries must make themselves useful for those enterprises that have changed their form of ownership. These ministries should not impose their influence by administrative means, but must promote the development of the processes of production and sale of industrial output with the help of the system of legislative acts. Figuratively speaking, we must transform Ukraine into an Eastern European Switzerland — a country with attractive conditions for the development of business activity and for the influx of capital.

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One must remember that Ukraine's domestic needs in machine building and instrument building products may amount to between 25 percent and 30 percent. That is why our primary task today is to look for new markets for Ukrainian products.

[Byelova] The branch presently has enterprises that are resolving this problem quite successfully.

[Malyev] I would particularly commend the shipbuilders of Kherson and Nikolayev and transformer builders in Zaporizhzhya. Ukrainian enterprises have found markets for their products in regions that, in the past, were not traditional for us. These include South and Central America, the Republic of South Africa, and the countries of the Near East and Southeastern Asia. In numerical terms, if one compares the first quarter of 1995 to the fourth quarter of 1993, export to China, for example, grew from $1.993 million to $10.162 million; to India — from $7.777 million to $13.369 million and to Egypt — from $240,000 to $1.080 million.

Trade missions of the specialized "Ukrinmash" firm function in India, Syria, the United Arab Emirates, and it is planned, in the very near future, to open them in Cuba and in Egypt.

Ukraine's main exporters of machine building products — the AvtoZAZ [Zaporizhzhya Automobile Plant] — have their missions in France, the Czech Republic, Hungary, Panama, Columbia, Malta, and Egypt and the "Zaporizhtransformator" [Zaporizhzhya Transformers] Plant — in the Czech Republic and Argentina, and the KrAZ [Kremenchuk Automobile Plant] — in China and Columbia.

By now, 30 interstate agreements with CIS and Baltic countries have been signed and function, in particular, on trade and economic cooperation, production cooperation, scientific-technological and military-technological cooperation, and cooperation in individual branches of machine building and in the military-industrial complex. In 1994, the AvtoZAZ concluded 384 contracts for supplying automobiles to countries of the CIS and Baltic region. In 1994, the KrAZ supplied 6,086 automobiles worth 1,709 billion karbovantsi [K], and over the six months of the current year — 1,549 automobiles worth K3,092 billion.

[Byelova] As is known, the question of creating financial- industrial groups has given rise to quite a discussion that went beyond parliamentary debate. What is your opinion on the subject?

[Malyev] I think that we are lagging behind in the development of these processes. Today, industrial production will not be able to emerge from the crisis unless it is combined with financial capital. World experience also points to advantages offered by financial-industrial groups. This is the right path — to attract capital into the Ukrainian economy. We should not be afraid of this. For example, "Opel," the pride of German automobile building, is 100-percent American property, but the German treasury receives rather high budget allocations for it.

The Ministry of Machine Building Industry sees prospects in creating financial-industrial groups with Russian enterprises and organizations in spheres of metallurgical and transport machine building, crane building, special hardware, piloted astronautics, equipment for and production of chemical fibers, grain-gathering machinery, progressive technologies for gathering and processing sugar beets, machine building for agriculture, construction building, and railroad transport.

[Byelova] Settlements for energy are presently a real disaster for Ukrainian enterprises. How are the enterprises in the branch cutting this Gordian knot?

[Malyev] The state diktat that I spoke about is precisely what is necessary to resolve this problem. Power engineers are now trying to convince us that energy prices in Ukraine are half those prevailing in Western Europe. However, it must be pointed out that the constituents of these prices are totally different from European ones. In Europe, labor is valued much higher — starting from the mining of ore, production of metal, electrical machinery, operation of electric power plants, and so on. Notwithstanding this, some Ukrainian machine builders have already set world prices for their products.

The problem here is that, in view of the incredibly high prices of raw materials and energy sources, the enterprises have reduced production, but expenditure on maintaining industrial assets and on paying wages have actually remained at the same level. These proportions must be brought into proper shape as soon as possible.

[Byelova] For some reason, many directors of those enterprises where production has stopped picture state assistance too literally — as allocation of funds to pay wages or bills for energy sources....

[Malyev] Of course, this approach is very primitive and wrong. However, some enterprises in Ukraine are equipped with high technologies, but for a number of objective reasons, their products are temporarily not in demand. These industries must be maintained, and that is why they need assistance from the state. These are such giants as the "Pivdenmash" [Southern Machine Building Plant] or "Motor-Sich," at which the state's high technological and scientific and technical potential is concentrated.

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If they are transformed into joint-stock companies, a considerable part of the block of shares will belong to the state, and the state will have to control its property and decide which enterprises need to be supported and which do not.

[Byelova] We pinned too many hopes on the notion "potential." Much was written with great optimism about the potential of the Ukrainian economy. In terms of export, industrial products have not been among the worst in terms of quality. How do you assess the industry's export potential?

[Malyev] Very highly. As we have already touched upon the achievements of our producers, I will speak about yet another aspect of our work. In my opinion, we were not duly concerned about losing the markets of CIS countries, especially of Russia. We had to fight for these markets and prevent competitors from winning them over. Today, we are trying to remedy the situation. Agreement has already been achieved on supplying hydraulic equipment for agricultural machinery to Russian plants. They also have their problems — reduction in manufacturing agricultural machinery. As a result, the demand for our products has dropped.

Here is another situation. Contrary to all economic or technological considerations, new aircraft manufactured by Russian plants are equipped with "Rolls-Royce" engines. Despite the fact that the program for manufacturing such engines in Ukraine has already been completed and our enterprises are ready to put them on the production line. We must prove that our engines are of equally high technological quality and reliability and are less expensive.

Export efforts, however, must be encouraged by legislation. Today, there are serious obstacles to the export of Ukrainian products. The recent decree on liberalizing external economic activity that canceled quotas and licenses and introduced registration of contracts has not done the trick because of the excessive centralization. I think that such questions should be resolved by producers at their workplaces and that corresponding state licenses should be issued to them.

[Byelova] There is disagreement as to how to make such a large ministry more functional. There was talk about a possibility to divide it into corresponding branch ministries. What is your position on the issue?

[Malyev] The problem is not in the size of the ministry. On the contrary, the integral machine building complex has advantages in that it allows for an entirely different resolution of complex questions, such as, for example, agricultural machinery. We have possibilities to make use of more advanced technologies that exist at aviation, radioelectronic, shipbuilding, and instrument building enterprises. This will raise the quality of our agricultural machines to a higher level. If it is isolated into a separate branch, this will produce no more than another official structure. The trouble is that the main customer and consumer of these products has no funds to pay for them. Perhaps, a way out here might be to supply products of agricultural machine building to the consumer in exchange for agricultural products. No situation is hopeless. One must work hard and persevere — a decision may always be found.

[Byelova] Thank you for the interview.

Macroeconomic Data for Jan-Jul 1995

WS1109123995 Kiev INTELNEWS in English 0028 GMT 11 Sep 95

["Economic Overview: The First Seven Months of 1995," from the "Economic Review" feature]

[FBIS Transcribed Text] NOTE: Figures quoted in this report reflect the performance of the official state sector. The shadow or unofficial economy is not represented.

Ukraine's July industrial production increased by 1.3 percent compared to June, according to a Statistics Ministry economics report. In June, industrial production fell by 1.5 percent over May.

July's industrial growth slightly improved the overall economic picture. According to the report, industrial production in the first seven months of 1995 declined by 13.9 percent compared to the same period in 1994. From January to June, this indicator was 13.6 percent.

BUDGET

Consolidated (central and local) budget revenues totaled KBV [karbovantsi] 775.3 trillion in the first six months of 1995 while overall spending in this period was KBV 892.7 trillion, leaving the consolidated budget with a KBV 117.4 trillion deficit.

Specifically, revenues from enterprise income tax totaled KBV 186.8 trillion, which is 24.1 percent of the total revenue in the period (down from 27.5 percent last year). Other revenues came from the value added tax, totaling KBV 175.9 trillion or 22.7 percent (down from 24.9 percent); individual income tax, totaling KBV 49.2 trillion or 6.3 percent (down from 7 percent); excise duty, totaling KBV 17.3 trillion or 2.2 percent (down from 2.9 percent). Pension fund revenues were KBV 157.1 trillion or 20.3 percent (up from 18.7 percent).

Spending on social-cultural developments totaled KBV 359.4 trillion, about 40.5 percent (compared to last

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year's 33.8 percent) of total expenditures. Other expenditures included investments in the economy, totaling KBV 114.1 trillion or 12.8 percent (down from last year's 27.8 percent); pension fund expenditures were KBV 158.4 trillion or 17.7 percent (up from last year's 16 percent); defense expenditures totaled KBV 38.7 trillion or 4.3 percent (up from 4.2 percent) and Chernobyl expenditures totaled KBV 33.3 trillion or 3.7 percent (the same as last year).

The central budget revenues were KBV 466.2 trillion and expenditures were KBV 593.2 trillion.

BANKING AND FINANCE

Investment from banking institutions into the Ukrainian economy by July 1 totaled KBV 477 trillion, including KBV 248.9 trillion or 52 percent, which came from the National Bank of Ukraine, and KBV 228.1 trillion, or 48 percent, which came from commercial banks.

During the first six months of 1995, commercial banks tended to issue more short-term credits instead of long-term ones. Out of KBV 228.1 trillion — the total commercial bank credit investments — 85.6 percent, or KBV 195.3 trillion, were short-term loans. Long-term loans comprised only 14.4 percent of the total sum, or KBV 32.8 trillion.

The indebtedness of Ukrainian enterprises to business entities in the former Soviet Union increased in the first six months of 1995. Accounts payable increased to KBV 183.8 trillion by the end of May, while accounts receivable increased to KBV 44.8 trillion.

Accounts payable between domestic enterprises and organizations in the first six month of 1995 rose to about KBV 2.05 trillion, while accounts receivable increased to about KBV 1.61 trillion.

INFLATION

Wholesale prices of industrial goods rose 92.3 percent in the first six months, while in June alone prices increased by 8.6 percent. Specifically, fuel prices increased by 76.3 percent; ferrous metals by 77.3 percent; machinery products by 130.2 percent; lumber, wood and pulp products by 143.4 percent; light industry goods by 66.3 percent; construction materials by 119.2 percent; and food by 81.1 percent.

Inflation on the consumer market slightly grew, the report showed. Monthly inflation in July was 5.2 percent, up from 4.8 percent in June and down from 21.2 percent in January.

INDUSTRIAL PERFORMANCE

About 51.6 million tons of coal, Ukraine's main domestic energy product, was extracted in the first seven months of 1995, 13.8 percent less than a year ago. Coke extraction in the same period was 18 million tons, 22.2 percent less than in the same period in 1994.

Oil and natural gas extraction is declining as well, according to the report. In the first seven months of 1995, Ukraine extracted 2.4 million tons of oil, including liquefied natural gas and 10.4 billion cubic meters of natural gas. This is, respectively, 4.2 percent and 2.7 percent less than a year ago.

The oil processing industry declined by 15 percent in the first seven months of 1995, compared to the same period in 1994.

Ukraine's seven-month steel production statistics show a decline of 9.1 percent to 13.4 million tons and in July alone (with its production of 2.07 million tons) production rose from the June level by 8.1 percent. Rolled metal production in the first seven months decreased to 9.88 million tons, down 2.2 percent from the same period last year. Ukraine produced 833,000 tons of steel pipes, down 5.3 percent from last year's indicator.

Ukraine's electricity production declined by 3.3 percent, hitting 112.8 billion kilowatts in the first seven months of 1995.

From January to July, Ukraine produced 3,932 metal cutting tools, which is a 21.5 percent decline compared to the same period in 1994. Ukraine decreased output of diesel generators to 370 units, down 39.9 percent; 44,754 automobiles, a 37.9 percent decline; and 7,243 tractors, a 21.7 percent drop.

The construction materials industry decreased output of cement to 4.4 million tons in the first seven months of 1995, down 30 percent. Brick production declined 28 percent to 1.97 billion bricks in this period. But both industries showed growth in July by 16.4 percent and 1.8 percent, respectively.

Farmers produced about 1,006,000 tons of meat and poultry in the period, 17 percent less than a year ago. The same indicators for milk and eggs are respectively 6,004,000 tons (off 15 percent) and 2.6 billion eggs (off 13 percent).

CONSUMER MARKET

Ukraine's consumer goods production fell by 22 percent in the first seven months of 1995 compared to the same period in 1994.

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Specifically, textile production dropped by 50.9 percent to 88 million square meters, shoe production fell by 45 percent to 12.2 million pairs.

The production of televisions declined by 70.6 percent to 150,600 units; tape recorder production declined by 43.4 percent to 74,800 units; refrigerator production declined by 15 percent to 304,100 units; washing machine production declined by 45.5 percent to 130,600 units; and radio production declined by 51.3 percent to 91,300 units.

Food production fell in the first seven months of 1995 compared to the same period last year. Meat and meat products dropped by 26.3 percent; dairy products dropped by 44.9 percent; flour dropped by 11.9 percent; vegetable oil dropped by 9.9 percent; butter dropped by 15.3 percent; and pastries dropped by 16.4 percent.

Ukraine's total retail trade turnover in the first seven months of 1995 was KBV 538.7 trillion. The country's retail stores sold 64 percent of the total; agriculture product market places made up 14 percent of the total; and services rendered to the population equaled 22 percent of the total.

In July alone, total retail sales throughout the country hit KBV 97.6 trillion, up 8.9 percent from the previous month. However, July retail turnover was down by 3.9 percent (in prices, adjusted to inflation) if compared to July 1994.

LIVING STANDARDS

Monthly earnings in July averaged KBV 3,146,000, up from June's KBV 2,822,000.

An average monthly salary in Ukraine's state industry was KBV 5.9 million, up from KBV 5.3 million in June.

Speaker Sees 'Systemic Crisis' in Economy

LD1109142395 Moscow ITAR-TASS in English 1408 GMT 11 Sep 95

[By Raisa Stetsyura]

[FBIS Transcribed Text] Kiev, September 11 (ITAR-TASS) - "The Ukrainian economy is not controlled by the government. The systemic crisis in Ukraine deepens and assumes a landslide character, and the country assumes a colonial nature," speaker of the Ukrainian parliament Aleksandr Moroz said.

Addressing students of the Institute of upgrading personnel qualifications in the Ukrainian Academy of State Construction, Moroz pointed out that the government programme of activity does not resolve problems facing the country. Moroz believes that document in no way differs from the previous programmes. Specifically, it does not envisage new approaches to the protection of producer.

"Unless the government makes amendments, the parliament, most probably, will not endorse the programme. The need for its perfecting is apparent as the government must check the disintegration of the economy within the next four or five months. The situation should be brought under control," Moroz said. He believes that in this case the government will be faced with the task of ensuring of economic stabilisation which will take no less than two years.

Article Views Changes in State Enterprises' Status

AU1109131895 Kiev URYADOVYY KURYER in Ukrainian 7 Sep 95 p 3

[Article by Professor Anatoliy Halchynskyy, Ukrainian presidential adviser for macroeconomic issues: "The State Sector of the Economy: Reform Steps"]

[FBIS Translated Text] Among measures to promote general economic stabilization that are to be implemented in the near future, far-reaching reform in the state sector of the economy and intensification of control over it are of key significance. Within the context of this task, it is envisaged to introduce a deep structural differentiation of the state sector into two subgroups: First of all, a group of enterprises will be identified that will be given the status of state-monopoly enterprises. Compulsory corporatization is being considered for the rest of the state enterprises. This corporatization must be completed rapidly, by the end of the current year. To facilitate this step, two draft presidential edicts are in preparation: "On State-Monopoly Enterprises" and "On Speeding Up Corporatization in the State Sector of the Economy."

A few words about the content of these documents, which are of major importance for our economy.

In accordance with the provisions of the first of the edicts, the status of state-monopoly enterprise will be granted to those state enterprises that are not subject to transformation into joint-stock companies (the state will keep 100 percent of their authorized capital fund) and will be in direct administrative subordination to corresponding state administration bodies. These will include enterprises that

— manufacture products essential for our defense capability and national security;
— require high mobilization readiness;
— manufacture products that constitute major ecological hazard;

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— ensure a state monopoly in individual economic spheres (transport, ports, pipelines, postal services, communications, telecommunication network, power engineering, and the production of alcoholic beverages).

To manage those enterprises that are not subject to transformation into joint-stock companies, the government will authorize ministries and departments to exercise control and management of their property.

This will envisage determining state needs and priorities, signing state contracts with enterprises on the supply of products and fulfillment of work for state needs, signing contracts with leaders, exercising direct control over the adherence to financial discipline and proper working conditions, rendering financial support, carrying out readjustment, organizing retraining of skilled personnel, and so on.

Pay conditions at state-monopoly enterprises will be determined by the Cabinet of Ministers at the request of the executive power body in charge of administration.

It is stipulated that the Ukrainian presidential edict "On State-Monopoly Enterprises" will be temporary in character — until the Supreme Council adopts a corresponding law, which is now in the process of being drafted.

The draft edict "On Speeding Up Corporatization in the State Sector of the Economy" has already been drafted. It is about to be approved by corresponding subdivisions of executive power and it is hoped that it will be signed by the president in the near future. The main points of the edict were coordinated with the president. In accordance with this document, the notion "state joint-stock company" will be introduced. At least 51 percent of shares in such a company will belong to the state. Compulsory corporatization will make the following possible: a) ultimately differentiate between the enterprises' budget and finances; b) open up the road toward the financial market for these enterprises; c) introduce corresponding changes into the structure of their management and subordination.

It must also be mentioned that this is mainly a matter of mandatory change, through accelerated corporatization, in the status of those state enterprises which, in accordance with the Ukrainian Supreme Council decision, are not subject to privatization. We believe that the main provisions of the aforementioned edict will not be at variance with the corresponding decision by the Supreme Council because, by legal definition, corporatization does not imply estrangement of property from the state. I reiterate, this is only a matter of changing the status of such enterprises and giving them a chance to adapt to market principles of economic management as fully as possible.

It is possible to identify yet another group of enterprises in which state participation in the authorized capital stock is less than 50 percent. Management of this group of enterprises will involve participation of representatives of state bodies in supervisory councils.

Enterprises with a share of state ownership of authorized funds will function proceeding from the principle of complete commercial settlement; moreover, they will be able to plan their activity on the basis of state contracts taking into account state demand for the products.

The aforementioned functional structure of state enterprises must play an exceptionally important role in the restoration of control over the economic sector in question, control that has been virtually lost over recent years.

Finance Minister Details Taxation Policy

WS1109150095 Kiev URYADOVVY KURYER in Ukrainian 5 Sep 95 p 5

[Interview with Finance Minister Petro Kuzmych Hermanchuk by unidentified correspondent; place and date not given: "Taxes as a Mirror of the Economy" — first two paragraphs are URYADOVVY KURYER introduction]

[FBIS Translated Text] **Tough taxation policy is one of the factors that restrain the increase in production by national enterprises. In particular, how much declaiming and pointless chatter has there been about the VAT on imported goods for enterprises that qualify for foreign investments? The Ukrainian Customs Committee and international financial organizations considered it a new type of tax, but the Supreme Council dismissed this assertion. One does not have to be a prophet to foresee what will happen next: If joint ventures pay both a retroactive tax and penalties, the majority of them will face inevitable bankruptcy.**

Fortunately, the president has corrected this mistake. But what taxation policy can entrepreneurs expect in the future? An URYADOVVY KURYER correspondent put this question to Ukrainian Finance Minister Petro Hermanchuk.

[Hermanchuk] I understand and share the concern of enterprise bosses, businessmen, and people's deputies about the introduction of an upper income tax limit. For example, an enterprise should pay no more than 50 percent of its income in taxes to the budget. I think that this proposition is correct.

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I, however, would not have said that tax pressure in Ukraine is extremely burdensome. If one compares tax payments alone, they have been set at the level of European countries or are even less. Regrettably, mandatory payments are the greatest burden for national entrepreneurs. For example, 37 percent alone is transferred to social insurance. This appears to be too much. The state, however, is now the main property owner and employer. So, 14.5 million pensioners are on the balance sheet of the state sector and there is a constant need for money to maintain and give them social protection. I want to stress that already now these mandatory payments are inadequate and the Ukrainian Pension Fund is short of money. What other countries, except for Belarus and Russia, have mandatory payments such as those for liquidating the consequences of the Chernobyl catastrophe? Thus, we are racking our brains over where to find real money.

The other issue is that tax rates and the taxation base should not be changed so often. We must, once and for all, formulate a precise national taxation policy, its ideology, and specify what is subject to taxation. The situation over VAT on imported goods for joint ventures qualified to receive investments is a vivid example of something that can be triggered by legislation which is constantly being changed. I believe that the president made an extremely wise move when he annulled this Supreme Council decision by edict.

The VAT problem, as practice shows, lies in something else. The classic process of collecting the VAT is as follows: The state withdraws the working capital of enterprises in the form of long-term credits to the budget and later returns this working capital to enterprises. As a regulating tax, VAT participates in all components of the national budgetary system. When an issue about the return of the input [vkhidnyy] VAT to an enterprise is on the agenda, it should be resolved at the local budgetary level. It is clear that the money required is neither at the local nor the regional level, so we have to look for money in the state budget. Then, mutual settlements between the relevant budgets can be made. The mechanism, as you see, is extremely complicated, so we will put forward a proposal to make the VAT only a federal tax, and not a regulating state tax. If the input tax is compensated at the regional level, I believe there will no longer be any problems with the VAT. This mechanism for collecting the VAT will be set up as early as 1996.

[Correspondent] Petro Kuzmych, I would also like to learn about mutual relations and coordination of activities between the ministry that you head and the Main State Tax Inspectorate, which is accountable for budget revenues, while the ministry is accountable for forming the budget....

[Hermanchuk] I think that we have normal relations with the Main State Tax Inspectorate: Even interdepartmental "laws" regulating the degree of power and procedures for examining issues have been established. There has not been a single case where we have not come to a compromise on one issue or another.

The Law "On the State Tax Inspectorate" which specified the procedure for considering "tax" disputes has also been passed. I do not think that any ministry or department chief today can pressure a tax inspector to make him impose taxes, for example, for production costs that have been illegally written off.

The Main State Tax Inspectorate is currently a primary chain in the state budgetary system. Budgetary revenue depends on the efforts of its employees who collect the money. Thank God we have already learned how to distribute money, but we have to work hard to collect legal taxes. For this, first of all we need qualified and experienced staff, which, in particular, the rural areas are regrettably short of. It is especially tricky to collect taxes from the so-called "shadow" sector of the economy. It is precisely this sector that accounts for the 40 percent shortfall in taxes. This problem should be resolved not by force and a number of tax inspectors, but through a rational approach. We should create labor conditions that will be advantageous for all — both the state and entrepreneurs. To my great regret, today the state pushes entrepreneurs into the "shadow" sector by changing the tax legislation several times a year, which has a profound impact on the business performance.

In the future, we should adopt legislative "tax" acts that will go into effect only in six months' time or thereabouts. This work has already commenced: The procedure for implementing the budget adopted by the Supreme Council envisages that no legislative acts on budget revenues or expenditures can be passed at all during a calendar budgetary year.

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Belarus

Lukashenka Statement on CIS Defense Bloc Criticized

LD1109211695 Moscow INTERFAX in English 1930 GMT 11 Sep 95

[FBIS Transcribed Text] Minsk, Sept 11 (INTERFAX-WEST) — Sergey Naumchik, parliamentary opposition leader of the Belarusian People's Front, believes that President Alyaksandr Lukashenka's statement about possible creation of a CIS defense bloc poses a threat to the neutrality of Belarus.

Naumchik told INTERFAX Monday [11 September] that such statements could forever block Belarus's integration into European institutions, at the same time aggravating the domestic situation and increasing tensions within the Belarusian society.

He recalled that two years ago Lukashenka, then a parliament deputy, "put his signature upon the parliamentary initiative to hold a referendum on the neutrality of Belarus."

By his present actions "the president threatens the neutrality of the country and the very existence of Belarus as a sovereign state," stressed Naumchik.

Deputy Chief of Staff Vladimir Zametalin believes that the president's statement, made in Chisinau Monday, on the possible creation of a military and political bloc of CIS states in order to ensure and maintain stability in the region perfectly corresponds to the 1991 Belovezhskaya Pushcha Agreement signed by leaders of Russia, Ukraine and Belarus.

He told INTERFAX that the agreement on creating the CIS provided for preserving economic, financial and customs unity, as well as single defense system and united strategic forces. Not one of these provisions is implemented today, said Zametalin.

Deputy Premier Addresses Beijing Women's Conference

WS1209080795 Minsk Radio Minsk Network in Belarusian 0700 GMT 12 Sep 95

[FBIS Translated Text] Speaking at a plenary session of the Fourth World Conference on Women, Belarusian Deputy Prime Minister Uladzimir Rusakevich, who is head of the Belarusian delegation to the conference, expressed readiness to continue cooperation with the United Nations and other international organizations to facilitate the improvement of women's situation in Belarus and the entire world. Rusakevich pointed out that the economic crisis in Belarus, which developed in the transitional stage, produced inflation, the lowering of people's standards of living, an increase in infant mortality, and growth of violence. In light of this, the Belarusian government is making maximum efforts to ensure peace and stability in the state, and to create conditions for improving the situation of Belarusian people, particularly women.

Lukashenka Campaigns Against Privileges

LD1109205695 Moscow INTERFAX in English 1859 GMT 11 Sep 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Belarus will save some 40 billion Belarussian rubles ($1 equals 11,500 Belarussian rubles) if the president's decree on regulating privileges and pensions are implemented, head of the presidential administration's analytical department Petr Kapitulo announced on national TV.

IF Note: President Lukashenka passed the decree September 6 on ways of regulating employment and pensions, according to which beginning September 1 working pensioners will receive only 50 percent of their pensions, not 100% as previously, except the pensioners whose salaries and wages do not exceed seven minimal wages (420,000 Belarussian rubles or about $35), workers employed in agriculture and low-level medical personnel.

Lukashenka also signed a decree on eliminating and regulating state privileges. The initial draft of the document envisaged the elimination of all privileges. However, the final variant saved them for veterans of the Great Patriotic War, disabled people and pensioners.

Kapitulo said that the president was guided by the principle not by the saving considerations, and that he would not reverse his decisions.

There was only one, moral, aspect, which the president thought about when he was signing the decrees. "In this case, however, moral principles clashed with economic ones," he said. He also said the presence of 5.6 million citizens entitled to privileges in a country with a population of 10 million was absurd. The system of privileges has driven the country's economy into a deadlock, he said.

He proposed as a way of solving this problem that the pensionable age should be increased to 55 for women and to 60 for men.

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Hryb Speech at Parliament Session Opening

WS1109141095 Minsk ZVYAZDA in Belarusian 6 Sep 95 pp 1, 3

["Opening address" by Supreme Soviet Chairman Mechaslaw Hryb at the 18th session of the Belarusian Supreme Soviet of the 12th convocation in Minsk on 5 September: "... To Prevent the Session From Turning Into a Political Game"]

[FBIS Translated Text] Esteemed Deputies! In accordance with Article 61 of the Law on the Supreme Soviet of the Republic of Belarus, fall parliamentary sessions should begin on 1 September. Thus, we have gathered for the regular, 18th session of the Supreme Soviet, but if to follow the letter of the law strictly, the session should be inaugurated on 1 September, Friday, on the eve of two days off. However, the [Supreme Soviet] Presidium resolved to begin the session today. I think that this was done for good reasons, to avoid wasting additional financial resources and convening on the day preceding the weekend.

All the more that this session was convened under rather difficult political and economic circumstances, which to a certain degree affect the mutual relations of the legislative, executive, and judicial powers.

I want to note that we are basically supporting the strengthening of the executive power and the president's vertical power structure in the Republic. We consider this a natural and essential phenomenon which is substantiated by the very course of social development. However, we are firmly assured that there should take place a simultaneous process of strengthening the representative power, that of soviets — both the Supreme Soviet and local soviets — as well as the judicial power. Only under such circumstances it is possible, and advisable, to develop a democratic system in the country. This is an axiom tested by life and the history of the development of civilized societies. Unfortunately, we cannot say this with regard to the situation in our state, particularly of late. The executive power is striving to strengthen its positions, while the legislative and, to some degree, judicial powers are being pushed aside, and their role and place in society are being taken over. This arouses anxiety not only among the deputies, but also among all conscientious citizens of the Republic.

The system of power counterbalance has not endured. This inevitably resulted — and will continue to result — in violations of the law and even the Constitution of the Republic of Belarus.

As is known, Article 79 of the Constitution of the Republic of Belarus stipulates that the Supreme Soviet is the supreme representative and sole legislative body of the state authority in the Republic of Belarus. This means that it is the only body to pass legislative acts, introduce changes in them, and suspend their force, even in the case when the Supreme Soviet is completely non-operational. [sentence as published]

Nonetheless, without even an attempt to coordinate with the Supreme Soviet, amendments have recently been introduced in a bill on the 1995 budget, and several legislative acts have been canceled or suspended with regard to the protection of rights of not only deputies, but also other categories of citizens.

The Administrative Department of the Belarusian President's Office has violently seized the Supreme Soviet's property (a garage, the production association "Kastrychnitskaye" with a hotel and a restaurant). The financial resources envisioned in the budget to maintain the Supreme Soviet are not being allotted. The deputies are not being paid the money that is legislatively envisioned to support their activity. The payments of their salaries are being delayed. The Cabinet of Ministers and the Finance Ministry, which were incidentally approved by the Supreme Soviet, are referring in this case to some directives and instructions which forbid them to execute laws. However, despite my numerous pleas and official requests, nobody showed my any documents on this; they most likely do not exist.

The law enforcement and judicial bodies, including the Constitutional Court, unscrupulously oversee the execution of laws and the accordance of the executive branch's normative acts with the Constitution of the Republic of Belarus. A quite simple and familiar case concerning the Supreme Soviet's property has been in the Constitutional Court for two years now, and it is still not resolved, while the property, as I have said, was seized. The Republic's citizens cannot find necessary support in the Belarusian Prosecutor's Office and the Ministry of Internal Affairs. The leaders of these institutions are blaming the imperfection of legislative basis for combating crime. But even the existing laws are not being executed, or sometimes are simply ignored for the sake of temporary political profits. It is simply impossible to win the struggle against crime with such attitudes.

I do not want to assert that all laws passed by us are perfect. No, it is not so. We are ready to rework them, introduce changes and addenda in them, because life itself is changing. However, the point is that the entities endowed with the right of legislative initiative, unfortunately, do not address us. It could have been possible to find compromise in all issues before. However, not everything has been lost, even now. We still have

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time, and need to do everything to prevent this negative process from going deeper and turning into a malignant tumor.

I cannot disregard the deputies' anxiety caused by the work of individual journalists or even some information media. Their subjective attitudes to reporting on the activity of the Supreme Soviet (we have almost gotten used to this), as well as arbitrary assessments of foreign officials visiting our country and national holidays in neighboring states do not promote political stability in our society and do not conform with our state policy. I declare with full responsibility that the Supreme Soviet does condemn and will condemn such assessments on the part of editorial staffs. We have stood and will continue to stand for the strengthening of peace and good-neighborly relations with other countries. We regard and will continue to regard with deep respect the sovereignty and independence of our neighbors and will do everything possible to develop and strengthen the economic ties with the Russian Federation, Ukraine, other CIS countries, as well as those from the far and near abroad.

I personally do not share the opinions that are being expressed these days about the political unification of primarily Belarus with Russia and Ukraine into a new union on the basis of federation, confederation, or something else. To accomplish this, one needs at the minimum not only consent on the part of the Russian Federation and Ukraine, but also equal conditions for unification. Right now these conditions do not exist.

I think that it is impossible to resolve this issue in such a manner. This is a road to nowhere. Therefore, we should not deceive people by promising we will restore the union in the near future.

It is always necessary to take into account economic interests and political circumstances in every country. People remember what happened to the idea of uniting the monetary systems [of Russia and Belarus] in 1994. Belarus has suffered great economic and moral losses. For this reason, it is necessary to treat the steps toward unification, regardless of their direction, in a very careful and considered manner.

Incidentally, in his speech at the celebration of Ukraine's independence anniversary, President Leonid Kuchma said that the difficult economic situation had provoked, among a part of the population, nostalgia for the Soviet times and "an illusion that Ukraine may be saved by a new union." The head of Ukraine categorically stated that the country is not going to join any unions and will continue to follow an independent path and seek a "Ukrainian model" of transition to the market.

Esteemed Deputies! [Supreme Soviet] commissions have prepared a lot of draft bills for the fall session in all basic directions — economy, science, culture, social protection of the population, and others. The level of preparedness of legislative acts was discussed last week by the Consultative Council and the Supreme Soviet Presidium at their sittings.

It is necessary to note that our session will be held under the circumstances when discussions, including the one in this hall, will be more and more focused on the by-elections to the Supreme Soviet of the Republic of Belarus. The date of 29 November is not so far away. I think that our duty is to prevent the session from turning into political game and this hall's rostrum and microphones from being used for airing extra appeals to the electorate. We should work on laws and proceed with our main task of creating the legislative basis for the multifold development of our country.

I think that it would be good to preserve the customary rhythm of work — the deputies hold sessions for one week, then work in commissions for another. However, it is for you to determine the schedule — we will work according to your resolution.

We need to bring the work done in commissions to a logical conclusion. About 10 draft bills have gone through their first reading and are ready for further consideration; it is also necessary to analyze the efficiency of the already passed bills and resolutions.

In my opinion, the session's primary issues include amendments to the tax legislation, the Cabinet of Ministers' report on implementing the program of urgent anti-crisis measures in the economy, a draft law "On Organizational-Legal Measures for Combating Organized Crime and Corruption," and the approval of the 1996 budget. According to the law, the Cabinet of Ministers should submit the draft budget to the Supreme Soviet's consideration prior to 1 November.

As earlier, there are pressing proposals to go back to discussing changes to the Law on the Supreme Soviet of the Republic of Belarus and to improve the system of parliamentary elections.

There are many important and urgent issues. I am assured that there will be a variety of proposals from the deputies. All this should be taken into account while forming the agenda. We have to work in concord and efficiently. And we have to remember that we have gathered in this hall not only due to our own desire. I will remind you once again: The fall session is beginning its work in accordance with the law.

Taking into account what I have already said, I also want to add the following. As the chairman of the

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Supreme Soviet, I pay my respect to the selflessness and courage of those deputies who have come to take part in the 18th regular session and, despite the difficult and contradictory circumstances, are ready to work and perform their duties to the end.

I declare the 18th session of the Supreme Soviet of the 12th convocation open.

Chairman Hryb Closes Supreme Soviet Session

WS1109120195 Minsk BELAPAN in Belarusian 0722 GMT 11 Sep 95

[FBIS Translated Text] The second plenary meeting of the 18th session of the Supreme Soviet is likely to take place on 3 October, according to [Supreme Soviet Chairman] Mechaslaw Hryb's speech closing the sitting of the first plenary meeting. In his speech, Mr. Hryb noted that "whatever may be said, the session was useful." He stated that secretariat officials were told to make a list of persons participating in the session. Mr. Hryb did not specify who demanded that, but warned that whoever makes the list "will be immediately dismissed."

Characterizing the results of the first plenary meeting of the regular session of the parliament of the 12th convocation, the expediency of which was called into question by the executive power and the official mass media, Mr. Hryb noted that 19 laws were adopted during the week. "Not all sittings have been that fruitful," he added.

Mr. Hryb was not enthusiastic about a proposal of a Belarusian Popular Front representative, Halina Syamdzyanava, to explain changes introduced by the Supreme Soviet into the legislation on televison election coverage. "Television is not our organ," he said, but then promised to take some steps to broadly highlight the changes. Nevertheless, commenting on attacks on the Supreme Soviet caused by changes in the legislation which reduced the minimum number of voters for valid by-elections from 50 to 25 percent and which allegedly put the elected MP's of the 13th convocation in unequal conditions with those still not elected, he said: "There are no such unequal conditions." The speaker provided the following grounding for his viewpoint: "Under these conditions, elections will be valid in practically all districts. Territories of the election districts remained the same, so did the number of voters."

Parliament Considering Impeaching Lukashenka

LD1109205295 Moscow INTERFAX in English 1854 GMT 11 Sep 95

[FBIS Transcribed Text] Minsk, Sept 11 (INTERFAX-WEST) — The Belarusian parliament may initiate the impeachment procedure against President Alyaksandr Lukashenka, the leader of the Belarusian Popular Front (BPF), Zenon Poznyak, told a news conference in Minsk Monday [11 September].

This will happen as soon as the Belarusian Constitutional Court decides that Lukashenka's decrees on diplomatic and official passports, privileges for individual categories of citizens, labor activity and pensions run counter to the republic's Constitution, he said.

Parliamentary Chairman Mechyslaw Hryb requested that the Constitutional Court check the constitutionality of the decrees which suspend 18 articles of various laws. Most deputies believe that Lukashenka "interfered in the scope of competence of supreme legislature by taking up part of its powers."

The court decided to consider two more presidential decrees two weeks ago. These deal with adjustments to the state budget and salaries of individual categories of state officials, including the heads of branches of power.

Meanwhile, BPF experts maintain that Lukashenka has issued 32 decrees running counter to the Belarussian Constitution over the last several months.

Election Official Discusses Upcoming Elections

LD1109153395 Minsk Radiostantsiya Belarus International Service in Belarusian 1800 GMT 10 Sep 95

[FBIS Translated Text] Preparations for the elections to the Belarusian Supreme Soviet are only just starting, but everything is going to plan, stressed Ivan Likhach, secretary of the Central Commission of the Republic of Belarus for elections and republic-wide referendums, in a press interview. Elections will be held in 141 constituencies. The composition of the electoral commissions will remain the same as it was in the spring during the first attempt to elect a new parliament. On 20 September electioneering can begin.

Likhach emphasized that the forthcoming elections differ from the previous spring elections in that the number of political parties in Belarus has increased from 29 to 34; apart from that, political blocs did not take

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part in the previous elections. Among the reasons why the previous elections were declared invalid in most constituencies, Likhach cited the poor work of the mass media and the young age of our political parties. Which parties are talked about by Belarusian citizens? Only the communists and the Belarusian People's Front are, yet we have 34 parties. A third reason is also fairly important — the date for holding the elections was most unfortunate. On Sundays people go to their dachas for recreation. This time the elections are set for the middle of the week, a Wednesday. Likhach hopes that all will be better organized.

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Kazakhstan

Nazarbayev, China's Jiang Zemin Sign Joint Declaration

LD1109222595 Moscow ITAR-TASS World Service in Russian 1444 GMT 11 Sep 95

[By Marat Abulkhatin and Grigoriy Arslanov]

[FBIS Translated Text] Beijing, 11 September (ITAR-TASS) — The desire of Almaty and Beijing to work out a common approach to the problems of regional security and cooperation in the Asian-Pacific region has been secured in a joint declaration signed today on the further development and deepening of mutual relations between the two countries.

President of Kazakhstan Nursultan Nazarbayev, who has arrived in Beijing on a state visit, and PRC President Jiang Zemin put their signatures to this document.

The declaration envisages the development of links between the two countries not just in the political and economic spheres but also in the military-political sphere.

In the opinion of representatives of the business circles of Kazakhstan, who are accompanying the head of state on this trip, an agreement signed on transportation of Kazakhstan's freight via the Chinese port of Lianyungang (the Province of Jiangsu) will be of extremely great importance to the expansion of Kazakhstan's foreign economic relations with countries of the Asian-Pacific region.

N. Nazarbayev assured Jiang Zemin that Almaty attaches extremely great importance to the development of comprehensive links with China and believes that Taiwan is an inseparable part of the Chinese territory and the PRC Government is the only legal government in this country. Kazakhstan intends to maintain only unofficial trade relations with Taiwan.

After Russia, China is Kazakhstan's second major trading partner. According to specialists' estimates, this year the total turnover of Chinese-Kazakhstan trade reached almost $500 million.

Military Cooperation Agreement Signed

LD1109185995 Moscow ITAR-TASS World Service in Russian 1409 GMT 11 Sep 95

[By ITAR-TASS correspondents Marat Abulkhatin and Grigoriy Arslanov]

[FBIS Translated Text] Beijing, 11 Sep — China, Kazakhstan's major trading partner in the Asian-Pacific region, will also be developing cooperation with this Central Asian republic.

Today, as a result of talks between President Nursultan Nazarbayev and PRC President Jiang Zemin, the sides signed a memorandum on cooperation between the military departments of the two countries. This is the first memorandum in the history of their relations.

The document envisages the development of military contacts, training of specialists, and an exchange of delegations and information between the Defense Ministries of the PRC and Kazakhstan.

In the opinion of diplomatic observers, the agreement on direct links between the military departments will help to establish an atmosphere of trust between the two countries which have a 4,700km-long common border.

'Democratic Party of Kazakhstan' Registers

954F3371A Almaty KAZAKHSTANSKAYA PRAVDA in Russian 6 Sep 95 p 1

[Interview with Tulegen Zhukeyev, secretary of the Security Council of the Republic of Kazakhstan and leader of the Democratic Party of Kazakhstan, by Oleg Kim, KAZAKHSTANSKAYA PRAVDA correspondent; place and date not given: "Democratic Party Enters the Political Arena"]

[FBIS Translated Text] The presentation of a certificate of registration of the charter of the Democratic Party of Kazakhstan [Demokraticheskaya Partiya Kazakhstana] was held on 4 September at the Ministry of Justice of the Republic of Kazakhstan. Tulegen Zhukeyev, the leader of the new political organization and secretary of the Security Council of the Republic of Kazakhstan, gave a short interview to KAZAKHSTANSKAYA PRAVDA.

[Kim] Tulegen Tlekovich, the registration of the party is the result of a lot of difficult preparatory work. What preceded today's event?

[Zhukeyev] Today is an important day for us. Significant organizational work was conducted, a party congress was held, and oblast committees were set up in all oblasts. The Democratic Party of Kazakhstan already unites about 15,000 like-minded persons throughout the republic. Many members of the central committee and the bureau of our party actively participated in the development of legislative acts and in the preparation of the draft constitution of the country, and they guaranteed the success of the referendum.

I think that our party will be one of the serious, solid bearers of democratic trends in Kazakhstan. The multiparty system and the development of democratic processes are the keystone of our political world outlook.

[Kim] Who makes up the political nucleus of the Democratic Party of Kazakhstan?

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[Zhukeyev] Altynbek Sarsenbayev, minister of the press and mass media of Kazakhstan, is cochairman of the party. Members of the bureau are Nagashbay Shaykenov, deputy prime minister of the Republic of Kazakhstan and minister of justice; Marat Tazhin, state adviser; Pavel Atrushkevich, deputy chairman of the Assembly of the Peoples of Kazakhstan, and also a number of important directors—it is enough to mention such names as Bazhenov, Kulenov, and Zaytsev. These are economic planners who stand at the leading edge of economic reorganizations.

The managerial staff of the party has many well-known people from the creative milieu and scientists—Academician Zhabayzhan Abdildin, and Moris Simashko, the well-known writer. Thus, the intellectual potential of the party is in a position to resolve tasks of a political and economic nature.

[Kim] Your immediate tasks and strategy for the future?

[Zhukeyev] We are now completing the registration of some oblast committees of the party, and we will simultaneously conduct work on the creation of primary party organizations in all of the oblasts and rayon committees where a significant number of primary party organizations exist.

Naturally, we are already now working out our strategy and tactics for active participation in future elections to the Kazakhstani parliament.

Tajikistan

President Rakhmanov's Independence Day Speech

LD1109230095 Dushanbe Radio Tajikistan Network in Russian 1000 GMT 8 Sep 95

[Speech by President Emomali Rakhmanov given at a function in Dushanbe on 8 September to mark the Tajik Independence Day on 9 September — live; monitored in progress]

[FBIS Translated Excerpt] Let me sincerely congratulate our dear guests, the diplomatic bodies accredited in Tajikistan, who together with us are today celebrating this happy holiday, the republic's independence, and express the gratitude of the republic's leadership to them.

Dear friends, as is known, four years ago after the collapse of the Soviet Union we obtained our independence very easily and without difficulties. Perhaps for this reason we did not appreciate this gift of destiny, and Tajikistan was drawn into a devastating civil war. Today the goals of those who want to split the nation, and those who seek office within the country, and the intentions of certain combatant circles located outside the country are being revealed ever more clearly. The majority of those who have been carrying out campaigns aimed at sowing animosity among Tajiks have left our capital or the republic in general. Some of them have acknowledged their tragic errors and have repented of them. Some others are sitting in leisurely corners as undecided spectators, and waiting for new disorders. They must acknowledge that it is no longer possible to split our people and draw them into conflict. I repeatedly told those of our compatriots who have been mistaken or undecided, and will say again, that the most important factors for entering the democratic process are common sense, good behavior, and manners, and the ability to learn from one's errors and mistakes.

No real inhabitant of the country can ignore the interests of the people and the homeland, and make his country a victim for their tendentious intentions. Today, after four years of independence have passed, we feel this. As time opens a gap between those tragic days of our history and the present, it will be understood clearly and plainly that those terrible events were to the detriment of the people. Of course, it is possible to calculate the results of that national tragedy. Thousands of our compatriots gave their lives, tens of thousands of refugees lost their homeland, and economic losses amount to more than $7 billion: This is an incomplete list of aftermath of this tragedy. But is it possible to calculate the pain, grief, and mourning of those who lost their nearest and dearest, the groans and cries of those who buried their nearest and dearest in foreign soil, the woes of orphans whose eyes are fixed on the road along which parents used to come home? This is as costly as the most expensive item in the world.

I want to remember this for a moment, to observe a minute of silence on this historic day for us and for all of you. [minute of silence follows]

Dear friends, today, in thinking about the history of our people, which is so full of tragedy, we must ask ourselves what have we learned from the tragedies that we have gone through, and what can we call the lesson of history? Although many writers inside and outside the country have written many volumes of books and long articles, it becomes clear once more that most of them consist of self-justification or profit-seeking or, to put it correctly, showing-off and leading the people along the path to despair.

One sees fewer analyses, conclusions, and searches for a way to the future in these books. Events are assessed from the perspective of the political interests of one person or a limited group. That is why our historians and politicians must comprehensively and patiently study the political, economic, social, historical, moral, and

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spiritual grounds for these events, as well as assess them realistically, so that scholarly conclusions can be a lesson for the future generation. Even such political terminology as Islamic fundamentalism, extremism, radicalism, nationalism, chauvinism, (?neo-communism), and the like, which has been widely used to explain events in our country, need exact investigation and serious comment and explanation. In addition to this, we must define the ideological basis of our independence, and bring it to the mind and consciousness of the people.

Today the Tajik nation, with the support of all its brothers who make up the people of Tajikistan, has become the possessor of national independence, a national state and national state structure, and national pride, and will constantly protect, develop, and improve this natural, sacred possession. A serious step in this direction has been the approval of Tajikistan's Constitution, and this national achievement is set in its first article. The nationwide approval of the constitution by the people of Tajikistan, the nationwide election of the republic's president, the approval of the state coat of arms, flag, and national anthem, as well as the formation of the national army and border forces, the election of the National Assembly, the appointment and election of local leadership bodies — these all testify to the steady stabilization of the state and society, and ultimately testify to a new qualitative stage in our national independence.

In a short time we have been able to identify our further independent path of progress, taking into account analyses of all the difficulties that have befallen us, and to declare the responsibility of all state bodies from the lowest level to the highest level before the people.

Our independent state sees its primary duty as being to ensure the right and freedoms of the individual and the citizen. The state that we have created will make its foundations steady and stable, and will put the interests of the individual at the heart of all its activities, and will safeguard them. We have created the power of the people, for the people, through the people, and will further improve it. A highly developed legal and political sense among our people, the readiness of every citizen for faithful and sincere labor for the sake of improving his life and that of the homeland, is the main force that can most quickly free our country from the grasp of crisis and backwardness. This factor alone will give the citizen the opportunity to become a support and a source of strength for state and society.

The constitution of our country guarantees the progress of public life on the basis of various political and ideological trends. Nowadays, more than 200 parties, movements, organizations, and professional associations are active in Tajikistan, and the state has provided them with the necessary conditions. It should be noted that, in the year since the last independence celebrations, about 30 parties and societies of various tendencies have been founded. Another phenomenon that promoted the strengthening of the democratic process in our country is that party-affiliated, private, and local publications of various tendencies are being issued freely and without hindrance. At the same time, the Constitution of the independent state of Tajikistan has forbidden the formation and activity of public associations that propagate racism, nationalism, animosity, social and religious hatred, or incite the armed overthrow of the state and the formation of armed groups. This is how the state has created the constitution — legal, cultured, and decent political activity for everyone without exception. These norms meet all the requirements of the accepted standards that, along with other norms, will make Tajikistan in reality a law- based, democratic, and secular state.

It is known that modern democratic society cannot impose on the people from above without taking historical, economic, social, political, cultural, religious, national, and spiritual traditions into consideration. Democracy can exist only when power is in the hands of the law. The law in turn draws on intellect, good manners, and wisdom, not on obstinacy and selfishness. The sort of society where, with the passage of time, the nation acknowledges the issues important to it and defines its own way of solving them, will develop and flourish fully. We have declared our ultimate goals and are approaching them phase by phase, and will never allow the Tajik nation, which in the course of its history has been the subject of political and social trials with various goals, to face these conditions again. [passage omitted]

The tasks of the state bodies are not to ignore the interests of ethnic and religious groups, but to promote the development of their culture, language, and the best national traditions. We must use the good traditions of all the peoples of our country as a invaluable spiritual wealth in terms of friendly and fraternal relations.

The sense of unity, patriotism, and industry of the entire nation and the ethnic groups of Tajikistan is a valuable treasure that gives us all spirit and power.

Dear friends, we can call ourselves happy to some extent, because we have emerged from the abyss of civil war, and peace, accord, and mutual understanding have been established in the country. The majority of refugees, forced refugees, and intellectual forces who left the country have returned to the homeland. After four rounds of talks the government and the opposition have reached mutual understanding or closeness on many issues. As president, the guarantor of the constitution and of human and civil rights and freedoms, and

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the guarantor of national independence, unity, territorial integrity, stability, durability of peace, and [words indistinct], I intend to meet the leaders of political parties, public movements, and associations and become acquainted with their opinions, with the aim of ensuring complete stability and calm in the republic and of improving the people's life.

I want to tell them that the repatriation of all refugees is our strategic goal. Moreover, to have a homeland is a demand of our honor and conscience. On the other hand, the repatriation of all our compatriots to the Republic of Tajikistan is connected with the progress of the negotiations with the opposition. We are sure that the issue of peace and calm in our dear country can be solved only through political negotiations with the opposition.

As I have said, we have completed four rounds of talks with the opposition. We advocate wise measures, in order to reach accord with the opposition as soon as possible. Our latest meetings in Kabul and Tehran have brought our positions closer, and we hope that this important issue will be resolved in the near future. In this regard, we view the signing of the protocol on the main principles of consolidation of peace and national accord as a step on the way toward strengthening the unity of Tajikistan's people. The government of the republic is taking all measures to ensure that the upcoming talks will be the last and decisive one, and that a general agreement on maintenance of peace and national reconciliation will be signed there.

In this context I want today to mention with a sense of gratitude the efforts and good gestures of the Russian leadership bodies, the republics of Central Asia, the Islamic states of Afghanistan, Iran, and Pakistan and particularly the United Nations.

Dear friends, our Tajikistan has entered a relatively important phase of its existence. After creating peace and tranquillity in the country we have started to establish our economy. It is time for me to make an appeal on this issue to our compatriots outside the country.

I have learned from meetings that the homeland of our grandfathers, the mother tongue, and the traditions of our ancestors are dear and honorable for you, and the homeland also needs your support. You may speak the truth clearly and plainly about your ancestral homeland in the countries where you live, and encourage interested investors to make investments, joining Tajik and foreign countries' ventures. We rely on you greatly in this.

In this context I want to address the people of the world and those who want to cooperate with us, and say that Tajikistan possesses great hydro-energy resources, rare minerals such as gold, silver, antimony, copper, and boron, precious stones and other minerals of strategic significance. We want this wealth to serve the prosperity of our country and other countries who want to cooperate with us, in this momentous phase for our destiny.

I want to remind you of one more thing: Tajikistan, despite its temporary difficulties, will never agree to any country using our hardships and difficult situation for its own tendentious political goals. Our position is clear and unwavering on this issue. In its international relations, over the four years since the declaration of its independence, our republic has chosen a policy of peace and respect for the independence and sovereignty of all the countries of the world.

We always advocate the further expansion of our economic and political relations with the Russian Federation, which is our strategic ally, and with the fraternal republics of Uzbekistan, Kazakhstan, Turkmenistan, Kyrgyzstan, and the other CIS republics.

Yesterday's visit of the top officials of the Republic of Tajikistan to Moscow and my meetings with President Boris Nikolayevich Yeltsin and Prime Minister Viktor Stepanovich Chernomyrdin of the Russian Federation clearly testify to this position of ours. These meetings and conversations were very productive and are of considerable significance for the future progress and development of relations between Tajikistan and Russia.

Together with President Boris Nikolayevich Yeltsin of the Russian Federation, we considered issues connected with future bilateral relations between our countries, the situation on the CIS border with Afghanistan in the vicinity of Tajikistan, the course of the political processes in our country, and the resolution of issues concerning Tajikistan.

The Russian leadership expressed its resolute and comprehensive support for the political path that we have chosen and announced its readiness to raise bilateral, friendly relations and cooperation to a qualitatively new level and to expand and improve its legal basis.

That is why, under the statement on the consolidation and expansion of further comprehensive cooperation between the Republic of Tajikistan and the Russian Federation — which Boris Nikolayevich Yeltsin and I signed — the governments of both countries have been set the task, with the aim of developing a common market, of regulating the main directions of the economic reforms and commencing work on establishing a unified customs area. Bearing in mind the importance of using modern

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forms of cooperation in the fields of production, investment, finance, and commercial activity, we have signed an agreement on the main principles of setting up financial and industrial groups.

The Russian side has expressed its readiness to provide a guaranteed supply of grain products on the basis of mutually beneficial conditions, which is very important for us.

Another document that I signed, together with Viktor Stepanovich Chernomyrdin, the head of Russia's government, defines the principles and main directions of economic relations between the two countries until the year 2000. It has been agreed to consolidate the coordination of our foreign policy and our intentions to enhance peace and stability in the world as much as possible.

Cooperation and integrational relations in the military sphere will also be expanded.

I should like to stress in particular, out of all the documents that Boris Nikolayevich Yeltsin and I signed, the agreement on issues of dual citizenship. This document focuses first and foremost on safeguarding the rights and interests of both Russian citizens and those citizens of Tajikistan who, as destiny decreed, went to Russia after the known events. It will promote not only the return of activity in various fields of the national economy back to normal, but will bear witness to the start of a new phase in relations between Tajikistan and Russia.

In short, this visit of ours to Moscow has initiated a new phase, a phase of development of comprehensive and strategic relations between Tajikistan and Russia.

I want to reiterate that Russia is a guarantor of peace and stability not only in our country, but in the whole world. [passage omitted]

Esteemed people, the basis for the existence and development of an independent state is its economy. Although we cannot today speak about significant achievements in the economic field, despite this we are not disheartened. Recently the program of economic reforms in the Republic of Tajikistan for 1995-2000 was published in the newspapers. One can say with complete confidence that implementation of this program will help to overcome the economic crises, and the development and prosperity of the republic's economy.

The most important strategic tasks of the economic reforms are: Modernizing the economy's production system, diversifying the forms of ownership, creating an atmosphere of competition on the basis of the reforms in production relations, improving and developing the financial and credit system, and achieving an open economy.

On the way to implementing these goals, we will rely primarily on creating conditions that will encourage foreign investments, import regulation, getting unemployed residents back into work and finally, strengthening the course of integration and development of foreign relations.

Of course it is impossible to resolve these kinds of complicated tasks in a short time. The state program envisages these issues being resolved over five or six years. During this time, the creation of a new economic way of thinking, the legal foundations of the economy and the reforms, deep structural reforms, and the training of highly skilled specialists should be ensured.

What can we rely on in order to come out of our chaos and the deepening economic crises? I think we must first of all light a ray of hope for a better tomorrow and make people realize the truth that if we fight as one, and unite for the improvement of work, we can improve our lives and our homeland. What are the bases for my words?

First, peace and accord is established in our country and mutual understanding between people is widening.

Second, the economic reforms are mainly completed in the republic, and a favorable basis has been created for their implementation in the correct way and for the expansion of the economic reforms.

Third, everyone understands that we should not just sit back and wait for assistance from others.

The economic policy of the republic's government is focused at ensuring progress and prosperity in the economy through the transfer to the market economy and achieving a rise in people's standard of living. The state will continue promoting enterprise and the establishment of small private enterprises.

One of the main areas of the economic reforms is the encouragement of investments. Of course, the main resources for this will be the domestic state financial reserves. At the same time, the state is developing measures to attract foreign investments. First of all, we will create very favorable conditions for all foreign investors, ensure the protection of investments, and will legally guarantee their investments.

Tajikistan is open for mutually beneficial cooperation with countries from the whole world. The country's economy has the ability to assimilate a great deal of foreign investment. Relying on the export potential of the republic and bearing in mind the necessity of

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entering world economic relations, we will continue the reform in our foreign economic relations.

The cancellation of import customs duties and permission for the export of goods will create opportunities to satisfy the domestic market and to increase foreign investments.

Today there are many debates and disputes about the introduction of the national currency. While the level of production constantly drops, and the state does not have the needed reserves of foreign currency, it is very difficult to ensure circulation and to maintain the rate of the national currency. According to the government's program, a set of measures has been drafted in order to ensure a financial and credit policy that can operate productively and will promote the maintenance of the rate and solvency of the national currency. [passage omitted]

Agreement Signed With Turkey on Expanding Cooperation

LD1109175195 Moscow INTERFAX in English 1432 GMT 11 Sep 95

[FBIS Transcribed Text] Dushanbe, Sept 11 (INTERFAX) — A joint declaration on mutual striving for expanded bilateral cooperation was signed in Dushanbe during an official two-day Tajik visit of Turkish President Suleyman Demirel. The visit was made at the invitation of Tajik leader Emomali Rakhmanov.

The final document voices the sides' readiness to expand bilateral cooperation in various spheres. A priority of this cooperation is the development of businesses, including the opening of Tajik offices of Turkish firms. The sides are ready to interact in agriculture, science, education, transport, development of inter-bank relations, and measures against international terrorism.

The declaration notes Turkish support to constitutional reforms and market economic transformations underway in Tajikistan, as well as efforts aiming to bring peace and national accord to the state.

Demirel invited Rakhmanov to come to Ankara on an official visit. The Turkish President left for Ulaanbaatar Monday.

Turkmenistan

Shikhmuradov Opposes Participation in Military Bloc

LD1109130995 Moscow INTERFAX in English 1059 GMT 11 Sep 95

[FBIS Transcribed Text] Ashgabat, Sept 11 (INTERFAX-UKRAINE) — Turkmenistan cannot belong to any military bloc or rigid alliance, Turkmen Deputy Prime Minister and Foreign Minister Boris Shikhmuradov told INTERFAX-UKRAINE in Ashgabat on Sunday [10 September]. He was commenting on Russian President Boris Yeltsin's recent statement.

Yeltsin at a news conference in Moscow last Friday said Russia would have to call on republics of the former Soviet Union to forge a military bloc in the event of any NATO enlargement to the east.

"Turkmenistan's position will be and is being defined by its status of a neutral state," Shikhmuradov said. And he added "we hope this status will have been recognized by the international community during the next sessions by the UN General Assembly."

The minister did not elaborate because of his country's neutrality.

At the same time, he said Ashgabat was busy "forming a strong army capable of ensuring protection of the borders of the neutral state." In this connection, the minister spoke of relying on Ukrainian help for this.

Pakistani President Concludes Visit With Speech

BK0909112295 Islamabad THE NEWS in English 9 Sep 95 p 12

[FBIS Transcribed Text] Ashgabat (Turkmenistan)— President Farooq Ahmed Khan Leghari said here on Friday [8 September] that Pakistan considered Turkmenistan and its leadership very close to its heart and was prepared for working towards achievement of common goals.

Addressing the diplomats, officials and journalists along with the President of Turkmenistan, Saparmurad Niyazov, at the President's Palace at the conclusion of their talks, the president said that during his 3-day visit they discussed issues relating to the region and matters for resolving the regional conflicts and also discussed policy to bring peace and stability.

He said that in Turkmenistan he got a reception which he did not see anywhere. He said that it was because of close bonds of brotherhood based on ethnic commonalities and religious ties which brought the people of the two countries closer to each other.

Responding to the sentiments expressed by President Farooq Leghari the Turkmen President, Saparmurad Niyazov spoke high about the existing bonds of friendship and brotherhood between two countries. He recalled the support announced by Prime Minister Benazir Bhutto for the principle of neutrality of Turkmenistan and said that there was so much similarity in the views of the two countries.

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He said that President Farooq Leghari had agreed that the proposed gas pipeline could be extended to India also and in this case the line would serve as a symbol of peace and stability in the region.

On the occasion, President Leghari was presented the honorary citizenship of Ashgabat, the capital city of Turkmenistan by the major of Ashgabat.

Leghari on Friday laid the foundation stone of Pakistan's new embassy building in this capital city. The president performed the ceremony along with President Saparmurad Niyazov.

The land for the new embassy complex has been acquired in the diplomatic enclave located near the city facing the imposing state-owned VVIP [Very, Very Important Person] hotels. At present the Pakistan embassy is located at a smaller premises situated in the heart of the city just behind the Ashgabat Hotel.

President Leghari who became the first foreign Muslim leader to offer Juma prayers in Turkmenistan spoke of the deep ties of affection between the people of the two countries bound together by bonds of Islam, hsitory and a common culture.

First Stage of Gas Pipeline to Europe To Cross Iran

LD1109125295 Moscow INTERFAX in English 1059 GMT 11 Sep 95

[FBIS Transcribed Text] Ashgabat, Sept 11 (INTERFAX-UKRAINE) — The first stage of a gas pipeline from Turkmenistan to Europe across Iran and Turkey will be under construction by the end of this year. Iran and Turkmenistan reached an agreement to this effect a few days ago.

As Hoseyn Naraghian, chief of the Iranian Foreign Ministry's CIS Department has reported to INTERFAX, the first 140 kilometer long stretch of the pipeline is to be built by the end of 1997 with Iran to fund this stage of the construction project and European countries to finance its completion. European states, according to Naraghian, would not like "to be dependent on gas supplies from Russia."

The Iranian diplomat then noted that the implementation of the project was being blocked by U.S. for "political reasons." U.S. was not interested in enabling Iran to profit by Turkmen gas transit, Naraghian noted, expressing confidence, however, that "the gas pipeline will be built all the same."

Meanwhile, as Iran's Ambassador Behzad Mazaheri has reported in an interview with INTERFAX, by the terms of the contract between Turkmenistan and Iran, Iran is to get from Turkmenistan free of charge 24 billion cubic meters of gas to be shipped in equal shares within three years.

Although Mazaheri excluded Ukraine's direct participation in the project, he did not rule out supplies of separate pieces of equipment from Ukraine.

Speaking about deliveries of equipment from Russia to Iran for a nuclear power plant there, Naraghian voiced an assumption that separate components for Russian equipment are manufactured in Ukraine. "We would like to know which components have been delivered and where precisely they were made. But Russia has been concealing this information from us," the diplomat remarked, adding that he knew the existence of just one Ukrainian sub-contractor — the Turboatom plant in Kharkov.

Further Reportage on Trilateral Meeting in Ashgabat

Ready For Close Cooperation With Kiev

LD1109205995 Moscow INTERFAX in English 1859 GMT 11 Sep 95

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Saparmurad Niyazov on Saturday [9 September] offered Kiev permission to use Turkmen territory as a transit stage in Ukraine's trade with Asian countries.

Niyazov put forward the idea at a meeting with Ukrainian Foreign Minister Hennadiy Udovenko, whom he received in Ashgabat.

Udovenko passed to the Turkmen leader a letter from Ukrainian President Leonid Kuchma, which said Ukraine was ready for active cooperation with Turkmenistan.

"We understand the serious character of President Kuchma's intentions and are interested in cooperating with Ukraine," said Niyazov.

Ashgabat "has many proposals to make to Kiev on military matters, trade, oil and gas," he said. "We will give you very easy terms."

Udovenko came to Ashgabat to meet his Turkmen and Iranian counterparts.

IF Note: Last April the foreign ministers of Iran, Turkmenistan and Ukraine signed a trilateral memorandum in Tehran, in which Ukraine pledged to supply Iran with mineral fertilizers and machines and modernize Iranian iron and steel plants, Iran undertaking to pay Ashgabat for the gas Ukraine imported from Turkmenistan.

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The three foreign ministers' meeting resulted on Sunday in an agreement to appoint an intergovernmental commission on trade, economic cooperation and mutual investment.

The ministers signed a protocol to that effect, under which Ukraine is to provide Iran this year with rails to a sum of $10 million, while Iran is to build a motor road between Ashgabat and Geoktepe, a town 40 kilometers from the Turkmen capital.

The three countries' foreign ministers are due to meet again in Kiev early next year.

Iran's Velayati Meets With Niyazov

LD1109120795 Tehran IRIB Television First Program Network in Persian 0930 GMT 11 Sep 95

[FBIS Translated Excerpt] We continue our news bulletin with Foreign Minister 'Ali Akbar Velayati's visit to Turkmenistan.

This morning, at a meeting with Mr. Velayati, the Turkmen president expressed satisfaction about the expansion of ties between the two countries. Our correspondent files from Ashgabat on the details of the meeting:

[Correspondent] Good morning listeners of the midday news bulletin. Mr. Velayati, our country's foreign minister, who is on a visit to Turkmenistan, today met and conferred with Mr. Saparmurad Niyazov, Turkmen president.

Mr. Velayati conveyed a verbal message from President Hashemi-Rafsanjani to Mr. Niyazov and briefed him on the trilateral meeting between Iran, Turkmenistan, and Ukraine and the agreements reached at the meeting. The two sides also discussed gas, road, transport, and railway projects.

Expressing gratitude for the message of our country's president, the Turkmen president expressed his appreciation for the understanding shown by the Islamic Republic of Iran in its dealing with the developments in the region and its efforts to remove tension among the countries in the region. He emphasized the need to expand regional ties and said that linking the railways of Iran and Turkmenistan will have an important effect in developing the regional economy.

In addition, at a ceremony, Mr. Niyazov awarded his country's highest state medal, the Hemat medal, to our country's ambassador in Ashgabat. [passage omitted]

At the meeting the Turkmen president expressed gratitude and appreciation to Qolam Reza Baqeri-Moqadam, the Iranian ambassador to Turkmenistan, for his efforts toward expanding cooperation between the two countries. Our country's delegation will take part this afternoon at a trilateral session of Iran, Turkmenistan, and Tajikistan, which is being held on the eve of the commencement of trilateral activities, and then its visit to Turkmenistan will conclude.

Iran's Minister on Oil, Gas Agreements

LD0709193495 Tehran IRIB Television First Program Network in Persian 1630 GMT 7 Sep 95

[FBIS Translated Text] Details of a $190 million agreement between Iran and Turkmenistan for the implementation of the Turkmenistan gas pipeline project have been released. Gholam Reza Aqazadeh-Kho'i, petroleum minister, offers some detail.

[Begin Aqazadeh-Kho'i recording] We have been pursuing three issues in Turkmenistan. One was the finalization of a project for a 140-km gas pipeline inside the Turkmen territory. Fortunately the relevant agreement — costing $190 million — was signed. President Niyazov will begin the project toward the end of Shahrivar [Iranian month which began on 23rd of August]. The pipeline project will take two years to complete.

Another issue concerned setting up a refinery for unleaded gasoline. Numerous companies from all over the world had taken part in the tender. We offered our bid jointly with Technip, a French company and one of the largest companies in the world. Fortunately our bid was accepted and, from the point of view of technology and price, it was deemed appropriate. We were placed among those companies for the final choice for the project.

The third issue was a proposal by the Turkmen government for the development of their existing oil resources. They offered us three of their land-based oil fields for development, commissioning and expansion of capacity. The Turkmens present the relevant data and we offer the conditions for work that incorporates price, production and production schedule with a three month deadline. If the proposals are accepted, another agreement will be signed. [end recording]

Trilateral Agreement Signed

LD1109184195 Tehran IRNA in English 1433 GMT 11 Sep 95

[FBIS Transcribed Text] Ashkhabad, Sept. 11, IRNA — Iran, Turkmenistan and Tajikistan here Monday [11 September] signed a memorandum of understanding [MOU] for expansion of economic, political and cultural cooperation among Tehran, Ashgabat and Dushanbe at the end of their trilateral session.

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The heads of delegations representing the three countries signed the MOU, emphasizing that regional cooperation could serve as a suitable model for sustainable economic development and as means for restoring peace and stability in the region.

The three countries have announced their readiness in the accord to formulate principles of tripartite economic cooperation and relations based on the national interests of the three nations.

Moreover, the three sides agreed to have trilateral cooperation within the framework of Tehran-Ashgabat-Dushanbe commercial, industrial and banking committees.

Based on an agreement reached among the three sides, Iran would work out a draft agreement on trilateral commercial relations and would offer it to Tajikistan and Turkmenistan for study and approval during the next trilateral meeting.

Economic Agreements With Iran, Ukraine

LD1009134395 Tehran IRIB Television First Program Network in Persian 0930 GMT 10 Sep 95

[FBIS Translated Text] Several important economic agreements are to be signed today between Iran and the countries of Turkmenistan and Ukraine in Ashgabat. The foreign ministers of the Islamic Republic of Iran, Ukraine and Turkmenistan, who are meeting in Ashkabad, will be signing a tripartite agreement in a few hours time. According to this agreement the three countries cooperation in various economic fields will be expanded.

The Turkmen deputy prime minister and foreign minister, Boris Shikhmuradov, in an interview with IRIB on the contents of the agreement to be signed by the three foreign ministers, said: Ukraine will be supplying Iran with industrial materials in return for gas and oil from Turkmenistan. Iran in its turn will be meeting services, railway, roads and other requirements of Turkmenistan and Ukraine.

Mr. Velayati met with Mr. Hennadiy Udovenko, the Ukrainian foreign minister, on the periphery of the tripartite meetings today. At the meeting, the Ukrainian foreign minister praised Iran's efforts to establish stability and security in the Central Asian region and supported Iran's role in ending the fighting and bloodshed in the Balkans.

The Iranian and Ukrainian foreign ministers, while discussing the convening of the joint commission of the two countries in the near future, stressed the need for cooperation between the two countries' private sectors and chambers of commerce.

Uzbekistan

Economic Reform Program for 1995, Future

954F3379A Moscow ROSSIYSKAYA GAZETA in Russian 1 Sep 95 p 12

[Unattributed article: "In a Market Environment—Strictly According to Plan: Economic Reform Program of the Uzbek Government for 1995 and Subsequent Years"]

[FBIS Translated Text] The ultimate aim of the government program is long-term economic growth and a rise in living standards through stabilization of the macroeconomic situation and transition to a socially oriented market economy. It includes broad financial stabilization, intensification of the system of reorganization, and development of key branches of the economy, power engineering, and gold output.

Macroeconomic policy: Financial stabilization is the priority task of the government's macroeconomic policy for 1995. Its objectives: reducing inflation, strengthening the national currency, and preserving the managed balance of payments and the level of official international reserves. It is expected that inflation will be reduced by 2 percent by the end of the year, that official international reserves will be maintained at a level of four months of commodity imports, and that the reduction in the general volume of production in the economy will amount to not more than 4 percent of the GDP.

Budget-tax policy: The government hopes that in 1995 the deficit of the consolidated state budget will be limited to 3.5 percent of GDP, and its internal bank financing—2 percent of GDP.

For greater openness of budget accounts, off-budget funds will be consolidated into a single state budget. All subsidies and other financial types of support of the economy will be presented openly through the state budget. Financial support for enterprises will be limited, and in time abolished. The total sum of resources being earmarked for wages in budget organizations is limited to 15 percent of the GDP. Allowances to families with children, and other payments to the vulnerable strata of the population, including transfers to families with low incomes, will be paid from the budget and will not exceed 3 percent of the GDP in sum. Consumer subsidies being paid out of the budget will be restricted to subsidies for central heating and hot water supplies and will not exceed 2 percent of the GDP all in all. Expenditures on maintenance of the housing fund will not amount to more than 0.5 percent of GDP.

The government is revising the system of taxation in the country with the aim of increasing the income

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of the state budget and strengthening its stimulative role. The principal changes include: 1) raising the income tax rate, 2) raising the property tax rate with a simultaneous revaluation of assets, 3) raising the land tax rate, 4) abolishing exemptions from the tax payments of enterprises and in connection with payments of monthly compensations to workers, 5) applying VAT to a majority of services and calculating it on the basis of commodity prices, including the customs tariff, 6) broadening the VAT taxable base, the tax on profits of enterprises, and the land tax by means of reducing tax privileges, 7) changing from tax repayment on the income of enterprises, 8) reducing the VAT rate from 20 to 18 percent, and 9) abolishing the tax on products being exported outside the republic's boundaries.

Monetary-credit policy: Principal attention is given to limiting the scale of the net internal assets of the Central Bank. For this purpose the volume of credits being granted by the Central Bank to commercial banks and by the national banking system to the government will be reduced. The refinancing rate of the Central Bank will be maintained at a level that is positive in real terms. Starting in February it will be adjusted monthly, taking into account actual rates of inflation in the past and the targeted rates of inflation in the future.

The Central Bank of Uzbekistan will continue the sale of part of its general credit commitments to the economy in an increasing share through weekly credit auctions, which will amount to 25 percent by the end of March and 50 percent by the end of 1995. To the extent that the functioning of the credit auction will improve and the interest rate determined at it will better reflect the situation in the credit resources market, the interest rate established in an auction will be used by the Central Bank to set the refinancing rate. The interest rate on overdue loans will be set at the level of the Central Bank's refinancing rate.

Income policy: The government will continue to regulate the wage fund at self-supporting enterprises. The rates of increase of resources being earmarked at self-supporting enterprises for wages will not exceed the targeted rates of inflation. Any increases of the established restrictions of the growth of wages will be liable to a progressive tax.

Price and trade policy: The state order for cotton fiber in the 1995 harvest is reduced to 60 percent of the annual volume of production, and it will be gradually lowered in the future to full elimination in 1998. The state order for grain will be reduced in 1995 to 50 percent of the current volume of production and completely eliminated in 1997. The purchase price for cotton fiber delivered within the scope of the state order will be increased to 40 percent of the world price and will reach the level of the international price in 1998. The purchase price for grain for a state order has been brought to 50 percent of the level of the world price in 1995.

The phased reduction of the state order will ease further blows to the budget and will make it possible to establish a system of taxation in agriculture that is necessary for the full reimbursement of the costs of production in this branch. The government hopes to revise the system of taxation in agriculture by the end of 1995 in order to eliminate the need for the state order. Payment will be introduced for water for irrigation which, as is expected, will make it possible to reimburse expenses at least by 50 percent. The state order system is abolished for all the remaining types of products besides cotton fiber and grain and is replaced by a system of purchases for the immediate needs of the state. Purchases will be conducted on a voluntary basis at contractual prices.

Starting on 1 January the system of regulating the distribution of basic food products is abolished.

The government intends in 1995 to raise the internal wholesale price for oil to the world level. Simultaneously, a system of taxation will be initiated for withdrawing into the state budget part of the additional profit that oil producers receive. The government also plans to raise wholesale prices for oil products to the extent of the increase in the price for crude oil, bringing them to the level of world prices.

As a first step in the formation of a system of economically valid prices in Uzbekistan, the government intends in 1995 to reduce the difference between prices for electric power, natural gas, and heating for industrial enterprises and the population, and to fully eliminate it in the next several years. It is expected that prices for industrial enterprises will remain at least permanent in real terms during this period, and enterprises of the municipal economy will be permitted to raise prices for industrial consumers and the population to the extent of the increase in expenditures (because of the increase in prices for natural gas, oil, and coal). In 1995 the government will study the question concerning the formation of a system of economically valid rates for municipal energy services (electricity, natural gas, heating) in Uzbekistan.

Starting on 1 January 1995 the list of commodities being allocated and licensed was reduced from 26 to 11 designations, and it is planned to change the present system of licensing of exports in order to give private merchants and farmers access to world markets. Under the new system, cotton that is sold through the exchange will not be subject to export licensing. For

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cotton not sold through the exchange, the government is introducing a simplified procedure of issuing licenses for export within 10 days after the receipt by the MVES [Ministry of Foreign Economic Relations] of the necessary documents.

The government will conduct the implementation of a detailed and time-coordinated plan for demonopolization of the dominant industries in the spheres of wholesale trade, warehousing, and motor vehicle services.

Daily Views Progress in Bukhara Refinery Project

954F3381A Moscow ROSSIYSKAYA GAZETA in Russian 1 Sep 95 p 12

[Article by Lev Spiridonov under the rubric "Reforms": "A Construction Site Amidst the Sand Dunes: Construction of the Bukhara Refinery Opens the Road to Energy Independence for Uzbekistan"]

[FBIS Translated Text] Tashkent—In 1991 Uzbekistan imported 4.5 million tonnes of oil and petroleum products from Russia and neighboring countries. Over the past four years the republic has considerably increased oil and gas production, as well as that of petroleum products. In 1995 Uzbekistan will import 750,000 tonnes of oil, fuel, and lubricants.

Bringing the Bukhara refinery on line will almost completely solve the problem of our state's energy dependence. Two and a half years remain until this important event. Judging by all the signs, however, the planned time frame will be shortened.

The refinery (NPZ) construction site is impressive. It is spread over a territory of 250 hectares, about 40 km from Bukhara, next to rayon center of Karaulbazar.

The road from Bukhara to the construction site is strikingly monotonous. There are endless sand dunes on both sides. The only thing that catches the eye is the kilometers-long fence of a Persian gazelle preserve. It is rare luck, however, to catch a glimpse of the noble animals.

It is difficult to visualize that here, in the silent desert, a construction project that is the talk of the country may be in progress. After we cross the Amu-Bukhara canal, however, the road begins to climb uphill; there are still a few kilometers left to go, but one can already see from the top of the hill the entire panorama of the NPZ construction. Dozens of cranes; hundreds of dump trucks darting in all directions; bulldozers and track-laying machines.... All this at first creates the impression of a certain chaos. Besides, not all the roads are paved, and one can only guess at how the drivers find the needed and shortest route in the maze of tracks.

Only later, after a closer look at the NPZ construction site, does one begin to understand the harmonious interconnections between different construction segments, and a whole picture emerges. It is hard to grasp it right away, in one glance, because the plant consists of fragments, each of which has its own purpose, merging into one whole.

This is where our conversation with Ravil Avezdhanovich Khaliulin, chief engineer of the Bukharneftezavodstroy trust, started.

"Our trust's task," he says, "is to receive the condensate produced at the Kokdumalak field. The 94-km condensate pipeline has been built and pressure-tested. This complex also includes metal reservoirs, with a capacity of 5,000 cubic meters each, which have been built and tested. From here the condensate will flow to a temporary technical station with four pumps. The station's construction also is fully finished; it is fully piped (this is the construction industry term for the numerous pipes winding around reservoirs and structures), and successfully tested in the working mode. From this pumping station the condensate is pumped to the elevated railway."

The elevated railway is the builders' pride. Therefore, at this point the conversation is interrupted while we go to the elevated railway, the official full name for which is: two-way elevated railway for the simultaneous filling of 54 four-axle cisterns.

It is indeed beautiful. Stretching 330 meters, it looks even longer. Perhaps because the railway, built in ferroconcrete with metal iron work, looks very light and elegant. Its beauty is enhanced by numerous pipes, painted in blue, red, and silver—each of the colors bearing its own meaning.

Yes, the builders are moving ahead of all the schedules. But the resources thrown into the elevated railway construction also were considerable. So now what amounts to the central facility has been built and is ready to receive condensate. For now, it will be sent by rail link to the Fergana refinery.

Meanwhile, without even slowing down, the builders are continuing to erect the Bukhara NPZ.

Many facilities are already finished. For instance, the fire-protection pumping water tower. Two fire-protection water reservoirs, each holding 3,300 cubic meters, have been finished. The first test showed that the reservoirs hold water. These are very important facilities, keeping in mind that playing with fire is extremely dangerous at such a plant.

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This is a busy time for the electricians, who are at the stage of final preoperation tune-up work on the power supply.

Another structure has been completed—an offsite water main from Karaulbazar purification installations to the plant.

There are also artificially created problems imposed by the bureaucracy. The builders still are not permitted to purchase from commercial organizations the needed pipe, metal, electrodes, construction materials, and other equipment at prices lower than those of the state. Especially keeping in mind that the state does not always have everything needed available. The banks refuse to pay invoices from commercial structures, however, requiring in every instance permission from higher up. A paradoxical situation emerges: The needed materials are available next door, but the builders have to search for them far outside the oblast borders.

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Armenia

Head of Lachin Region Appointed, Region Renamed

NC1109152195 Yerevan Radio Yerevan International Service in Armenian 2100 GMT 9 Sep 95

[FBIS Translated Text] The government of Nagorno-Karabakh Republic [NKR] appointed Aleksan Hakobi Hakobyan as the head of the administration of NKR's Kashatagh region on 5 September. The Lachin region has been renamed the Kashatagh region. Aleksan Hakobyan is a deputy in Armenia's National Assembly and a member of the Karabakh Committee.

Resolution Adopted on Guidelines for Deputies

NC1209075195 Yerevan SNARK in English 1129 GMT 11 Sep 95

[FBIS Transcribed Text] Yerevan, September 11 (SNARK) — Today, the National Assembly adopted a resolution "on forming and activity of factions and deputy groups". According to the resolution, National Assembly deputies can be expelled from a party or can voluntary give it up, but they can withdraw from a faction only after resigning from their position as a deputy. Representatives of parties who gained more than 5 percent during the July 5 elections will form a faction regardless their numbers. However, representatives of the same party who were elected under a majority system do not have the right to join a faction if their names were not included in the election list. The Republic election coalition which unites six public and political organizations forms a single faction.

Not less than 15 independent deputies can also form a faction. If one member leaves the faction it will be dissolved after two weeks unless the vacancy is filled.

The name of factions and deputy groups must be different from the name of a public or political organization.

ARF Seeks President's Permission For 26th Assembly

NC1209071495 Yerevan SNARK in English 1452 GMT 11 Sep 95

[FBIS Transcribed Text] Yerevan, September 11 (SNARK) — Today, Bureau of the Armenian Revolutionary Federation "Dashnaktsutyun" (ARF) sent a message to Armenia's President Levon Ter-Petrosyan with a request to sanction its 26th assembly on Armenian territory in the coming months and make the participation of all its delegates and guests possible.

As it is known, the ARF's activity was stopped on January 13, 1995, for six months for breaking the law of Armenia on socio-political organizations and particularly for violating the law according to which there must be no foreigner in the leadership of any Armenian social-political party. Due to court instructions, the Armenian Ministry of Justice was to draft legal mechanisms which would help the ARF out of their situation.

In its message today, the ARF Bureau says that such mechanisms were not drafted and their requests concerning this were never met. Nevertheless, the ARF took some steps in correspondence with the verdict of the Court and informed the Ministry of Justice about what steps they had taken. However, there were no final resolutions concerning the organizational structure of ARF, and the Bureau thinks that this can only be determined by an assembly of the party.

Levon Zurabyan, Press Secretary of Armenia's President Levon Ter-Petrosyan, told SNARK that not a single letter signed by the ARF has been sent to the Armenian President.

Decision Adopted to Privitize 246 Enterprises

NC1209072595 Yerevan NOYAN TAPAN in English 1158 GMT 11 Sep 95

[FBIS Transcribed Text] 11/09/95 NOYAN TAPAN— Government of Armenia adopted a decision on privatization of 246 large enterprises, of which 158 enterprises will be privatized through subscription for shares. Privatization of 34 enterprises has been already completed. Thirty eight enterprises will be privatized on an auction bloc. First auctions on sale of three of the above- mentioned enterprises, namely "Anahit" Garments Factory, Hrazdan Meat Factory and Yerevan Stationery Factory will be held in the coming days.

Altogether 45 enterprises are to be privatized in September.

As of September 8 total cost of already privatized enterprises constituted 9 billion 858 million drams, of which the cost of small enterprises was 3 billion 230 million drams. 88 percent of this sum were paid in privatization certificates.

Azerbaijan

Guliyev, Moldovan Premier Discuss Oil Supplies

LD1109205495 Moscow INTERFAX in English 1859 GMT 11 Sep 95

[FBIS Transcribed Text] [no dateline as received] Azerbaijani Prime Minister, Fuad Guliyev, discussed the possibility of Azerbaijan's supplying Moldova with crude oil with his Moldovan counterpart, Andrey Sangeli, in Baku Monday.

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Sangeli is staying in Azerbaijan on a working visit. He was received by Azerbaijani President Geydar Aliyev.

The two sides announced they had signed a protocol on the delivery of 200,000 tonnes of Moldovan grain and 50,000 tonnes of flour in exchange for Azerbaijani oil.

The document will be implemented within six months, Sangeli said. However, Moldova will send 25,000 tonnes of flour to Nakhichevan (an autonomous republic within Azerbaijan - IF note) via Turkish Black Sea ports.

Guliyev and Sangeli signed an agreement on the principles of bilateral trade and economic cooperation for the future five years.

The document emphasized the two sides' readiness to develop bilateral trade and economic relations within the specified period and named Azerbaijani "oil, petroleum products and oil equipment" as the main export article.

For its part, Chisinau committed itself to supply Baku with food, particularly vegetables, grain and flour, and consumer goods.

Results of Democratic Independence Party Congress

NC1109185695 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 11 Sep 95

[FBIS Translated Text] The Azerbaijan Democratic Independence Party [Azerbaycan Demokratik Istiglal Partiyasi] held its extraordinary congress. Addenda and amendments were made to the party's by-laws, the list of candidates in the parliamentary elections and the party's election platform were examined, and elections were held to the leading party organs. Vagif Kerimov was elected the chairman of the party, and Mubariz Kurbanli the general secretary.

The congress adopted a resolution and a statement. The statement declares that the party is loyal to its own course and to constructive cooperation with the existing government and that it will continue to uphold this policy. The congress announced that all the party members support Azerbaijani President Geydar Aliyev's wise and farsighted policy. It called on all the healthy political forces in the country to defend the president's policy, which serves the pannational interests and the protection and consolidation of Azerbaijani statehood.

Ethnic Dagestani's Migrate to Russia

LD1109205395 Moscow INTERFAX in English 1854 GMT 11 Sep 95

[FBIS Transcribed Text] MOSCOW, Sept 11 (INTERFAX) — Unexpected migration of inhabitants from Azeri areas bordering on Russia has aggravated the situation on the Russian-Azeri border.

INTERFAX learnt from sources in the Russian special services that 60 to 80 young ethnic Dagestanians without identification documents arrived daily from September 4-7 in the Tlaratinskiy District of Dagestan (the Russian Federation).

They are moving in the direction of Makhachkala (capital city of Dagestan) and Khasavyurt (the republic's administrative center) by buses and other vehicles, without any supervision.

The border trespassers explain that their move to Dagestan and other regions of Russia is due to their unwillingness to serve in the Azeri army and fight in Nagorno-Karabakh, as well as to difficult life conditions in Azerbaijan.

According to the special services, they claim that they are not going to Chechnya, because mercenaries there are apparently no longer paid.

Georgia

Abkhazia Pressing For Confederation With Georgia

LD1109114995 Moscow ITAR-TASS in English 1118 GMT 11 Sep 95

[By Irina Schegoleva]

[FBIS Transcribed Text] Sochi, September 11 (ITAR-TASS) - Abkhazia continues to insist on confederation with Georgia and will submit its new proposals by the end of the week which, it believes, will allow to resume negotiations.

"We are ready to consider the variant of creating a confederative state in the boundaries of the former Georgian Soviet Socialist republic", deputy foreign minister Zurab Smyr told TASS Monday [11 September] adding that "Abkhazia should have the same rights as Georgia".

"The Abkhazian side will insist on that principle of equal subjects when talks resume", he stressed and said that Abkhazia "stands for the continuation of the negotiations and for the settlement of the conlict only by a peaceful way".

Georgia opposes confederation and insist on a federative structure.

However, Smyr hopes the next round of talks will result in a certain document, which will have to be agreed with the Abkhazian parliament.

Smyr rejected accusations that Abkhazia was to blame for the disruption of the latest round of talks in Moscow.

"We intend to continue unconditionally following the principles fixed in the Statement on measures of the

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political settlement of the Georgian-Abkhazian conflict of April 4, 1994 signed by representatives of the conflicting parties, as well as of Russia, the United Nations and the OSCE", Smyr said adding that any deviation from the principles "impedes progress" in the settlement.

Prosecutor Denounces 'Political Assassination' of Voronov

LD1209084895 Moscow ITAR-TASS in English 0815 GMT 12 Sep 95

[By Irina Shchegoleva]

[FBIS Transcribed Text] Sochi, September 12 (ITAR-TASS) — Abkhazian officials believe that the murder of deputy premier Yuriy Voronov, who was the ideologist of Abkhazian stance at talks with Georgia, was a contract and political assassination.

"Most probably, it was a contract murder, connected with Voronov's political activities," Abkhazian Prosecutor-General Anri Dzhergeniya told TASS Tuesday [12 September].

Abkhazian ambassador in Moscow Igor Akhba backed the view and told TASS "there was no doubt that the murder of Yuriy Voronov was both contract and political".

"Being a member of the parliament and government of the republic Voronov supported its independence and saw its future in an equal union of two states - Abkhazia and Georgia", Akhba said.

Voronov was killed at about 21:00 hours local time Monday in his own home in Sukhumi. TASS learned from Abkhazian sources that unknown gunmen knocked on the door posing for officials. When Voronov half-opened the door the killers fired at him from a submachinegun. Five bullets were mortal, while others just bruised Voronov and investigators therefore initially believed those were knife cuts.

Two people were arrested by Abkhazian law enforcement agencies on suspicion of the murder, reliable sources told TASS. Their names are not disclosed so far, and the only thing known about them is that they are not Abkhazian residents. Probably, they are ethnic Chechens.

Law enforcement agencies of Sochi are also taking part in the investigation.

Dr. Yuriy Voronov (history), 47, was the only vice premier in the Abkhazian government, who was an ethnic Russian. He repeatedly took part in talks on a political settlement of the Georgian-Abkhazian conflict. Specifically, he was included in the Abkhazian delegation during the work of a four-party commission on problems of the return of refugees and displaced persons to Abkhazia.

Voronov was very much respected both by Abkhazian leadership and its population. He was an expert in the history, traditions and culture of that region. He knew so many interesting details about the origin of geographic names in Abkhazia, archaeological finds and the history of cult structures and populated localities, that his knowledge surprised even local residents.

Shevardnadze Agrees To Run for President

LD1109171395 Tbilisi IPRINDA in Russian 1255 GMT 11 Sep 95

[FBIS Translated Text] Tbilisi 11 Sep — Eduard Shevardnadze, the Georgian head of state and the chairman of the Union of Citizens of Georgia, today gave an official consent to stand for the post of president of Georgia in 1995 from the Union of Citizens of Georgia. The candidacy of the head of state was supported by a whole string of political parties, and in particular, the Participation Bloc, the Union of Reformers, the Socialist Party, the Union of Revival, and the Green Party.

Mkhedrioni To Boycott Presidential Elections

LD1109143495 Tbilisi IPRINDA in Russian 1255 GMT 11 Sep 95

[FBIS Translated Text] Tbilisi, 11 Sep — On 11 September the Mkhedrioni political organization circulated a statement saying that the members of the Mkhedrioni were being watched and blackmailed, criminal cases falsified, and parliament members chased by using old Bolshevik methods.

Proceeding from this, the Mkhedrioni political organization of Georgia refuses to participate in the presidential elections in order to fend off the yet to be suppressed fellow citizens, and in order not to allow a further escalation that may lead to a collapse of the parliamentary and presidential elections.

In connection with this, deputy Jaba Ioseliani has told an agency correspondent in an interview that this instance does not mean that his candidacy will be withdrawn from the elections to the post of president. However, if the events continue to develop in this manner, Ioseliani did not exclude the possibility of his refusal to stand for presidential elections in protest.

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Ioseliani: Government Arrested 'All Our Leaders'

AU1109134195 Paris AFP in English 1318 GMT 11 Sep 95

[Interview with Mkhedrioni leader Dzhaba Ioseliani by Peter Graff in Tbilisi on 11 September: "Mkhedrioni To Boycott Georgian Elections"]

[FBIS Transcribed Excerpt] Tbilisi, Sept 11 (AFP) — The Georgian paramilitary opposition group Mkhedrioni will boycott November parliamentary elections because of "Soviet repression," the group's leader, Jaba Ioseliani, told AFP in an interview on Monday [11 September]. [passage omitted]

Ioseliani said that nearly the entire leadership of the Mkhedrioni, numbering between 200 and 300 people, have been arrested in a crackdown that began after a car bomb attack on Georgian leader Eduard Shevardnadze on August 29th.

"They have arrested all of our leaders. Only a few individuals are left," Ioseliani said. The organistation consists of 2,000 people in all, he said. [passage omitted]

A spokesman for the Internal Affairs Ministry, which oversees the police, said on Monday that about 250 people have been arrested so far.

The government insists that all the arrests are for specific criminal activities unrelated to the August bombing, and that the operation is not targeting the Mkhedrioni as such.

But Ioseliani said that his organisation was "being used as a scapegoat as part of the election campaign. They blame us for everything."

"It is entirely a political operation," he said, adding that the Internal Affairs Ministry is "corrupt from top to bottom. It is the main mafia structure in the country."

Nearly all of the recent arrests have been for the possession of weapons, and Ioseliani defended the rights of his followers to carry arms.

"Georgian law gives people the right to hold weapons. Of course the weapons are supposed to be registered, and not all of them are. But who's fault is that? The system is new. Of course people have not yet had a chance to register their weapons.... This is not a crime."

He added that most of his followers had bought their weapons to fight in volunteer battalions against Abkhazian separatists.

"They fought to protect you, and then when they come home you throw them in jail for having guns? What kind of a system is that?"

He also said that many of the arrests were set up by police.

"They stick three bullets in your shirt pocket and then say 'Look, we found ammunition!'"

The Mkhedrioni were instrumental in the 1992 coup that overthrew Georgia's first president, Zviad Gamsakhurdia, and installed Shevardnadze. Ioseliani has since clashed with Shevardnadze and become one of his fiercest critics.

"Gamsakhurdia had built a dictatorship, so we drove him out. But now Shevardnadze has built a dictatorship. History has repeated itself."

Nevertheless, Ioseliani said that his group is not contemplating another coup.

"At the moment, we have ruled out bloodshed," he said.

"There are still parties. There are still possibilities for political opposition, however small. What there will be in the future, of course, we will have to see," he said.

Mkhedrioni Charges 'Witch-Hunt' in Bombing Probe

MM1209101095 Moscow KRASNAYA ZVEZDA in Russian 8 Sep 95 p 3

[Report by Vitaliy Denisov: "A Coup Was Being Prepared in Georgia, the Republic's Minister of Internal Affairs Believes"]

[FBIS Translated Text] Tbilisi — Precisely 29 people suspected of being involved in organizing a terrorist act against Eduard Shevardnadze 29 August have been arrested in various population centers in western and eastern Georgia. Lieutenant General Shota Kviraia, minister of internal affairs, declared that materials confirming the preparation of a coup d'etat, whose start was to have been signaled by the death of the head of state, have been gathered in the course of operational measures. If successful, the putschists' activities were to have been headed by some "National Salvation Committee." Brigandage and slavery would have reigned once again on the pretext of instilling order in the country's regions, as was the case two or three years ago.

According to Colonel Nugzar Gambashidze, first deputy chief of police in the capital, the arrests that are being made should not be perceived as the start of mass repression. But members of the "Mkhedrioni" Rescue Corps believe that a "witch-hunt" has begun in the country on the eve of the elections. The first victims of the mass arrests have been precisely Rescuers, over 100 of whom, according to some data, have already been

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taken into custody. Meanwhile, neither the republic's General Prosecutor's Office nor the security service has yet laid any charges against "Mkhedrioni" of being involved in the terrorist act.

Police Find Weapons, Explosives Near Kutaisi

LD1109204795 Tbilisi SAKINFORM in Russian 1800 GMT 11 Sep 95

[FBIS Translated Text] [No dateline as received] — An agency correspondent was told today at the Georgian Interior Ministry press center that not far from Kutaisi [west Georgia], on the basis of operational information, police discovered a whole arsenal of weapons on the bottom of a canal there. In total, approximately 5,000 electric detonators, 6,400 cartridges for an automatic weapon, dozens of anti-personnel mines, missiles, hand grenades, and other ammunition were pulled out of the water.

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Estonia

Meri, Swedish Ministers Discuss OSCE, EU

LD1109202195 Tallinn Radio Tallinn Network in Estonian 1700 GMT 11 Sep 95

[FBIS Translated Excerpt] Lennart Meri, the president of the Republic of Estonia, began a state visit to the Kingdom of Sweden today. Mati Kirotar was among the journalists accompanying the president, and he just sent us the following report from Stockholm about the movements of the president.

[Kirotar] [Passage omitted] This afternoon, President Meri met Swedish Prime Minister Ingvar Carlsson and Pierre Schori, the minister for international development cooperation. The meeting discussed security issues relating to the OSCE [Organization for Security and Cooperation in Europe], the possibility of Estonia joining the European Union and, in that context, social and agricultural issues.

Later, President Meri gave a news conference, which attracted surprisingly little interest from Swedish journalists. As the issue of Estonian joining the EU is particularly central for this visit, the news conference had an interest in it.

Lennart Meri thought that Estonia would become a EU member as early as this century. He also emphasized that to join the EU, Estonia needed no financial assistance from Sweden but needed, first of all, moral and political support. Meri emphasized that Estonia was small enough a country to adjust fast and without problems to the so-called EU machinery or, why not, bureaucracy.

The Swedish side was appreciative of Estonia, it praised Estonia's fast democratic development and hoped that Estonia would join the EU together with other countries of the Eastern bloc. The talks did not touch upon issues relating to NATO.

Meri also announced that he had not yet decided whether he will run for presidency next year. [passage omitted]

Official Rejects Yeltsin's Military, Political Bloc

LD1109185795 Moscow INTERFAX in English 1432 GMT 11 Sep 95

[FBIS Transcribed Text] TALLINN, Sep 11 (INTERFAX) — Estonia does not support Russian President Boris Yeltsin's plan to set up a military and political bloc of former Soviet republics.

Raul Malk, Foreign Ministry's vice-chancellor, told INTERFAX that Estonia had never been "legally incorporated in the Soviet Union and so Russian President Boris Yeltsin's idea has nothing to do with us."

Malk also said that the ministry is now carefully studying Yeltsin's speech and that an official Estonian position on this subject will be made public later.

Defense Ministry Remains Firm on Joining NATO

WS1109141295 Tallinn ETA in English 1444 GMT 10 Sep 95

["News Release"]

[FBIS Transcribed Text] The priorities of Estonia have been and will be a fast integration to the European Union and NATO, says Estonian Defence Ministry press release based on the press conference of Defence Minister Andrus Oovel on his return from Greenland.

Oovel said that the integration to the EU was mainly economico-political with a certain shade of security, while the integration to NATO was security-political with a certain economico-political content. Oovel said that integration with both structures was complicated and time-consuming, but that Estonia was making serious efforts internally to achieve it.

There are three aspects to Estonian security policy, the press release says.

Firstly, development of the Republic of Estonia has from the beginning had in view fast integration to the EU. An important step on that way was the association agreement, signed in June by Premier Tiit Vahi that enables integration without a transition period.

Secondly, Estonia holds negative attitude towards the attitude of extending NATO in groups, which would create regions with uneven level of security, a threat to the security of Europe as a whole. Extension of NATO must be a process where NATO lays down certain conditions for integration and offers equal possibilities for all willing countries to meet those conditions.

Commenting the statement of Russian Deputy Foreign Minister Sergey Krylov, saying that extension of NATO to countries bordering Russia would be a threat to Russia's security and could lead to war, the press release says that Estonia is applying all its resources for economic development and guaranteeing security. Estonia hopes that Europe would not withdraw in principal matters and respects the wishes of the smaller nations in determining their paths of development along the lines of liberal values of Europe.

Thirdly, Estonia has seen in NATO from the very beginning a mechanism of security that protects the principles of democracy and through that also countries based on democracy. Thus, NATO is not aimed against any country but is for defending stability and democracy. Estonia has constantly stressed that its tight cooperation

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with NATO, the final aim of which is to become a full member of the organisation, is in the national security interests of Estonia, West Europe and Russia.

The Russian Federation should be interested in its neighbouring countries having a stable democratic system of government, open market economy and a will for co-operation. Exactly such a situation would be created if Central and East European countries joined NATO.

Foreign Ministry Releases Statement on Bosnia

WS1109140895 Tallinn ETA in English
1708 GMT 10 Sep 95

["News Release"]

[FBIS Transcribed Text] Estonian Foreign Ministry made a statement on Sunday [10 September] saying that Estonia appreciated the principles on the future of Bosnia, harmonised in Geneva on September 8, as the beginning of a long road towards peace. In order to attain stable and just peace in Bosnia and Herzegovina within internationally acknowledged borders, readiness for compromise is needed from the sides engaged in conflict, and a sense of perspective despite the bitterness of the moment.

Estonia supports the actions of the UN to relieve the situation in the much-suffered Sarajevo and hopes that demands of the organisation to pull out siege weapons from around the city are met. Relieving the stress near Sarajevo would create good conditions for deepening the peace process.

Estonia calls all conflicting sides to use the possibility, created by the Geneva agreement of the international contact group, in the nearest weeks. Delay could jeopardize what is achieved, bring along new wave of hostilities and new victims.

Exports, Imports Grow in First Half of 1995

WS1109140995 Tallinn ETA in English
1508 GMT 10 Sep 95

["News Release"]

[FBIS Transcribed Text] The Bank of Estonia information department has published data about Estonia's foreign trade in the first half of 1995 this week.

Export in Estonia grew 25.5 per cent as compared to the same period of 1994, while the increase of import was 33.8 per cent. The more rapid growth of import brought along a larger deficit in the balance of foreign trade.

The overall turnover of Estonian foreign trade in the first half of 1995 increased 30.2 per cent as compared to the same period in 1994.

The turnover of all merchandise groups grew, except for foodstuffs, the share of which fell from 20.1 per cent to 14.9 per cent. Import of foodstuffs exceeded their export by 229 million kroons.

The fastest-growing group was machines and equipment, both in the respect of import and export. Their share in the total turnover of foreign trade sprang to 17.3 per cent, pushing foodstuffs to the second place. Machines and equipment were also the basic deficit- makers with 1.7 billion kroons, about a half of the deficit.

The volume of the Estonian foreign trade turnover was influenced more and more by the goods despatched into Estonia for manufacturing. Their turnover nearly doubled to 4.2 billion kroons and their share was 12.7 per cent in the total turnover.

Estonian cheap but skilled labour was mainly used by Finland with 54.5 per cent of the turnover of manufactured goods, followed by Sweden (18.1 per cent), Russia (9.1 per cent) and Germany (7.8 per cent).

The fastest-growing export articles were machines and equipment (growth rate of nearly 80 per cent), the fastest-growing import articles timber, paper and their products.

Finland, for long the main foreign trade partner of Estonia, increased its share in the total turnover to 31.1 per cent from 27.8 per cent. The share of Russia fell to 17.4 per cent from 20.8 per cent. The volume of goods exported to Russia exceeded the volume of goods imported from Russia.

Latvia

President Discusses Relations With Russia, NATO

LD1109205895 Moscow INTERFAX in English
1859 GMT 11 Sep 95

[From the "Presidential Bulletin" Feature]

[FBIS Transcribed Text] President Guntis Ulmanis has said that, despite their serious foreign policy disagreements, Latvia and Russia are continuing to develop good-neighborly mutual relations.

"I don't think different points of view on the issue of the expansion of NATO can become a reason for the deterioration of Latvian-Russian relations," Ulmanis told Interfax, adding that on the whole he was "optimistic" about the two countries' relationship.

Over the year that has passed since Russia withdrew its troops from Latvia — August 31, 1994, — Riga and Moscow have "at all levels" shown a desire for good-neighborly relations, mutual understanding and

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equal cooperation. "There are no problems (in Latvian-Russian relations) serious to the extent that a meeting between the heads of the two states would be necessary to solve them," the president said.

He said Riga was interested in closer governmental contacts between the two countries. Invitations made earlier to Russian Prime Minister Viktor Chernomyrdin and Foreign Minister Andrey Kozyrev to come to Latvia for official visits "still stand." "Enough topics have accumulated for discussion, from the practical implementation of earlier economic agreements to the solution of a series of humanitarian problems."

Returning to the NATO issue, Ulmanis said he understood the Russian leadership's motives for opposition to plans to incorporate East European nations into the Western military alliance. "In dealing with problems that its integration into the North Atlantic alliance involves, Latvia will inevitably have to take account of the interests of Russia and its reluctance to lose its spheres of influence," the president said.

But it is not only for foreign policy reasons that Moscow is against NATO's expansion — the Russian leaders are also thinking of the forthcoming parliamentary election, since "a certain part of the population has not lost the hope that the socialist system will be revived."

As for Latvia, its "foremost foreign policy goal" is integration into NATO and ultimately its membership in the alliance. "We consider NATO to be the main guarantor of security in Europe," Ulmanis said.

Foreign Minister on Illegal Russian Immigrants

WS1109130995 Tallinn BNS in English 1600 GMT 9 Sep 95

[FBIS Transcribed Text] Riga, Sept 9, BNS — Moscow's position on the issue of taking back illegal immigrants who have entered Latvia from the Russian territory is one of reserve rather than entirely negative, Latvian Foreign Minister Valdis Birkavs said on Saturday [9 September].

Birkavs was speaking at a press conference after returning from visits to Moscow and Chisinau, the capital of Moldova.

Birkavs said he and his Russian counterpart, Andrey Kozyrev, at talks in Moscow had agreed that it was necessary to speed up negotiations between groups of experts on matters of illegal immigration.

Other issues discussed at the meeting included human rights, borders and consular relations, he said. The foreign ministers also spoke about the fulfilment of treaties signed between the two countries.

Birkavs reminded his Russian counterpart that Latvia had already on three occasions extended the deadline by which former Russian military must leave the country and asked Kozyrev to make steps to speed up the process.

Danish Defense Minister Haekkerup Visits Riga

LD1109132895 Riga Radio Riga Network in Latvian 0900 GMT 11 Sep 95

[FBIS Translated Text] In order to discuss opportunities for Latvian-Danish military cooperation, Danish Defense Minister Hans Haekkerup is visiting Riga today on a one-day visit. He is to discuss with Latvian officials the internal political situation in the country, issues of bilateral cooperation, Latvian participation in the Partnership for Peace program, and Denmark's part in the creation of the Baltic country's air-space monitoring system. Denmark was the first of the NATO countries to conclude a military cooperation agreement with Latvia.

Military Pact With Denmark

LD1109184395 Riga Radio Riga Network in Latvian 1700 GMT 11 Sep 95

[FBIS Translated Text] Hans Haekkerup and Maris Gailis, the Danish and Latvian ministers of defense, signed an agreement in Riga today on military cooperation in 1996. As Maris Gailis noted after signing the treaty, Latvia is interested in continuing to receive aid for the Baltic battalion, and support for the creation of the air space monitoring system. Latvia is also interested in naval cooperation, military staff training, and will be thankful for material assistance.

For his part, the Danish defense minister recalled that his country has supported Latvia from the beginning and welcomes its efforts to become a NATO member. Expressing regret that the Latvian unit did not manage to take part in the peacekeeping operations in Croatia, because the Danish battalion is to be withdrawn in accordance with a UN decision, Hans Haekkerup said that the possibility is being investigated of sending Latvians to Eastern Croatia, Slovenia [as heard], or Macedonia [Former Yugoslav Republic of Macedonia—FYROM]. A permanent Baltic battalion for UN missions, the minister believes, could start to be created no sooner than within a year and a half, on condition that the Latvian Government were prepared to take on such a mission.

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Foreign Ministry Concerned About Debt to United Nations

LD1109171095 Riga Radio Riga Network in Latvian 1600 GMT 11 Sep 95

[FBIS Translated Text] The UN General Assembly, which is to begin 19 September, will be discussing, among other things, a reduction in membership fees for the Baltic countries, reports the Ministry of Foreign Affairs Press Center. Promises to support this effort by the Baltic countries were made by representatives of France, Spain, and Italy on 7 September in Brussels at a meeting with delegations of EU associate member states. Hitherto, the Baltic countries have had the status of former USSR heirs, meaning that the fee payable by the Soviet Union was divided evenly among all the 15 former republics. The Latvian debt to the United Nations currently stands at about $6 million, of which $2 million has to be paid by the end of this year. Of course, if the UN General Assembly manages to achieve a reduction in the membership fee, this sum could shrink considerably.

Lithuania

Official Reacts to Yeltsin Statement on Military Bloc

LD1109213595 Moscow INTERFAX in English 1930 GMT 11 Sep 95

[FBIS Transcribed Text] VILNIUS, Sept 11 (INTERFAX) — Lithuanian Deputy Foreign Minister Albinas Januska told INTERFAX Monday [11 September] that his country sought to obtain NATO membership as soon as possible. His statement followed a news conference by Russian President Boris Yeltsin last Friday when he announced his intention to create a military bloc with the participation of "all former republics of the former Soviet Union," if NATO advanced to the east.

According to Januska, membership in NATO will ensure Lithuania's security, while Yeltsin's harsh statements "only increase our concern and confirm the pressing need for integration in European collective security structures."

Januska said there was "no question of Lithuania's participation in the military blocs the Russian president is speaking about, or any other post-Soviet era formations, because it would run counter to the interests of the absolute majority of the republic's residents and the constitutional act on Lithuania's non-alignment with post-Soviet eastern unions."

President, U.S. Envoy Discuss NATO Expansion

WS1209090495 Tallinn BNS in English 1900 GMT 11 Sep 95

[FBIS Transcribed Text] Vilnius, Sep 11, BNS — Bilateral cooperation issues and important international events were discussed by Lithuanian president Algirdas Brazauskas and U.S. ambassador James W. Swihart on Monday [11 September].

At the working lunch given by the president, views on NATO expansion and the Alliance's role in peacekeeping in Europe were exchanged.

Describing last week's meeting of Baltic heads of state in Tallinn, Brazauskas noted that a unanimous position on NATO expansion had been confirmed. Brazauskas also stressed that the countries would continue to seek good relations with Russia, which should not be excluded from the process of European integration.

Swihart said that Washington was closely following Lithuania's foreign policy and appreciates the fact that Lithuania has maintained good relations with all of its neighbors.

Lidija Sabajevaite, the president's spokeswoman, said that the president and ambassador also spoke about continuing U.S. support for the Baltic peacekeeping battalion and for Lithuania's participation in the Partnership for Peace program. Also discussed were problems and prospects for bilateral economic cooperation.

Danish Defense Minister on UN Peace-Keeping

LD1109212995 Moscow INTERFAX in English 1930 GMT 11 Sep 95

[FBIS Transcribed Text] Riga, Sept 11 (INTERFAX) — Lithuanian soldiers, having undergone three months of training in Denmark, are prepared to participate in U.N. peace-keeping operations, Danish Defense Minister Hans Haekkerup said at a press-conference during a one-day trip to Riga on Monday.

"That it wasn't possible to send them to Croatia as part of the Danish battalion one can blame on the unexpected turn of events in former Yugoslavia and the decision of the United Nations to withdraw peacekeeping units from Croatia," the minister said.

He emphasized that if in the future the Danish battalion is sent on peace-keeping operations, units from Lithuania and the other two Baltic countries will definitely be included.

Haekkerup added that Denmark, Great Britain, U.S., Germany and the Netherlands have agreed to a legal

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framework in accordance with these countries can provide military and technical aid to the Baltic battalion.

The Prime Minister and Defense Minister of Lithuania, Maris Gailis, noted that in the future the Lithuanian parliament should be faster in passing decisions allowing Lithuanian volunteers to participate in peacekeeping operations.

Units from Latvia and Estonia participated in peacekeeping operations in Croatia because their parliaments were able to provide consent.

Statistics Department Sees Improvement in Economy

LD1109165595 Moscow INTERFAX in English 1432 GMT 11 Sep 95

[FBIS Transcribed Text] VILNIUS, Sep 11 (Interfax) — A total of 14.1% more products of Lithuanian mining and processing industries were sold in August as compared to July, sources at the Statistics Department told INTERFAX Monday.

There have been positive changes in agriculture. The purchase of cattle and poultry increased by 10% and milk — by 6% as compared to the previous month. A total of 6% more cargo was transported by sea, 21.2% more by river, and 69.3% more by air. Railroad transportation was cut by 5.2%. Turnover in retail selling of commodities increased by 7.3% over the same period.

Director of the Statistics Department Kestutis Zaborskas said that these indices give grounds to say the economy is livening up.

Commenting on results of economic and social development in the past eight months, Zaborskas said indices remain negative: as compared to the corresponding period of 1994, 3.2% less industrial products were sold, the purchase of cattle and poultry dropped by 15% and milk purchases decreased by 4%. Rail transportation of cargo was cut by 10.8%, river transportation of cargo decreased by 23.8% and air transportation of cargo dropped by 32.1%. At the same time, sea transportation of cargo increased by 3.3%. However, "rates of recession are several times smaller than they were in previous years," said Zaborskas.

He stressed that August inflation was only 0.4%, the lowest index in the independence years. Inflation reached 20.4% in the eight months of 1995, it was 28.4% in the corresponding period of 1994.

Zaborskas forecast September inflation of no more than 1-1.5%, but said it may go up to 2-3% a month as soon as the heating season starts. He said the 1995 inflation will not exceed 30-33% (it was 45.1% in 1994).

The Lithuanian government planned to have 1995 inflation at 25%.

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